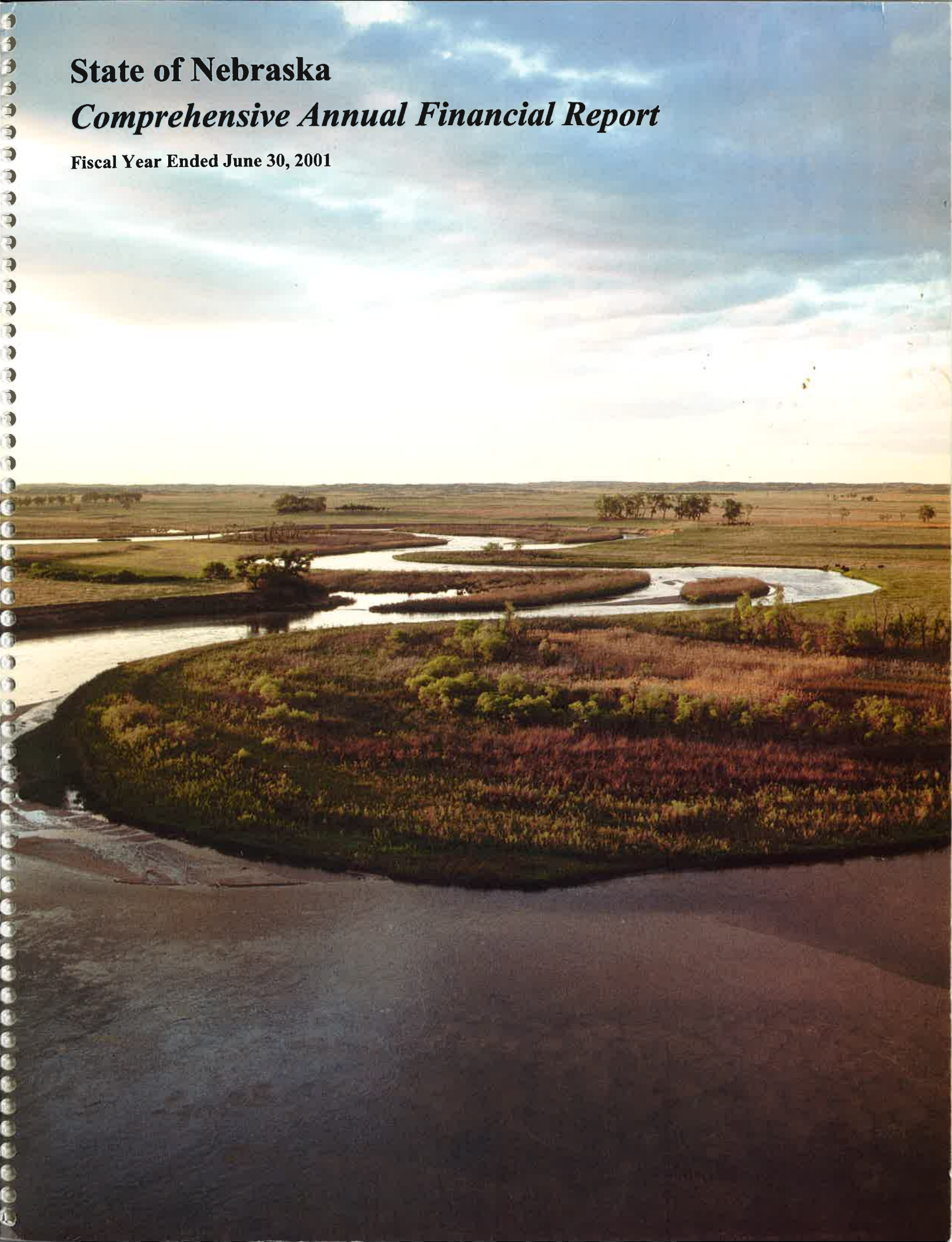


State of Nebraska

Comprehensive Annual Financial Report

Fiscal Year Ended June 30, 2001



Cover: North Loup River below Brewster.

State of Nebraska

Comprehensive Annual Financial Report

Year Ended June 30, 2001

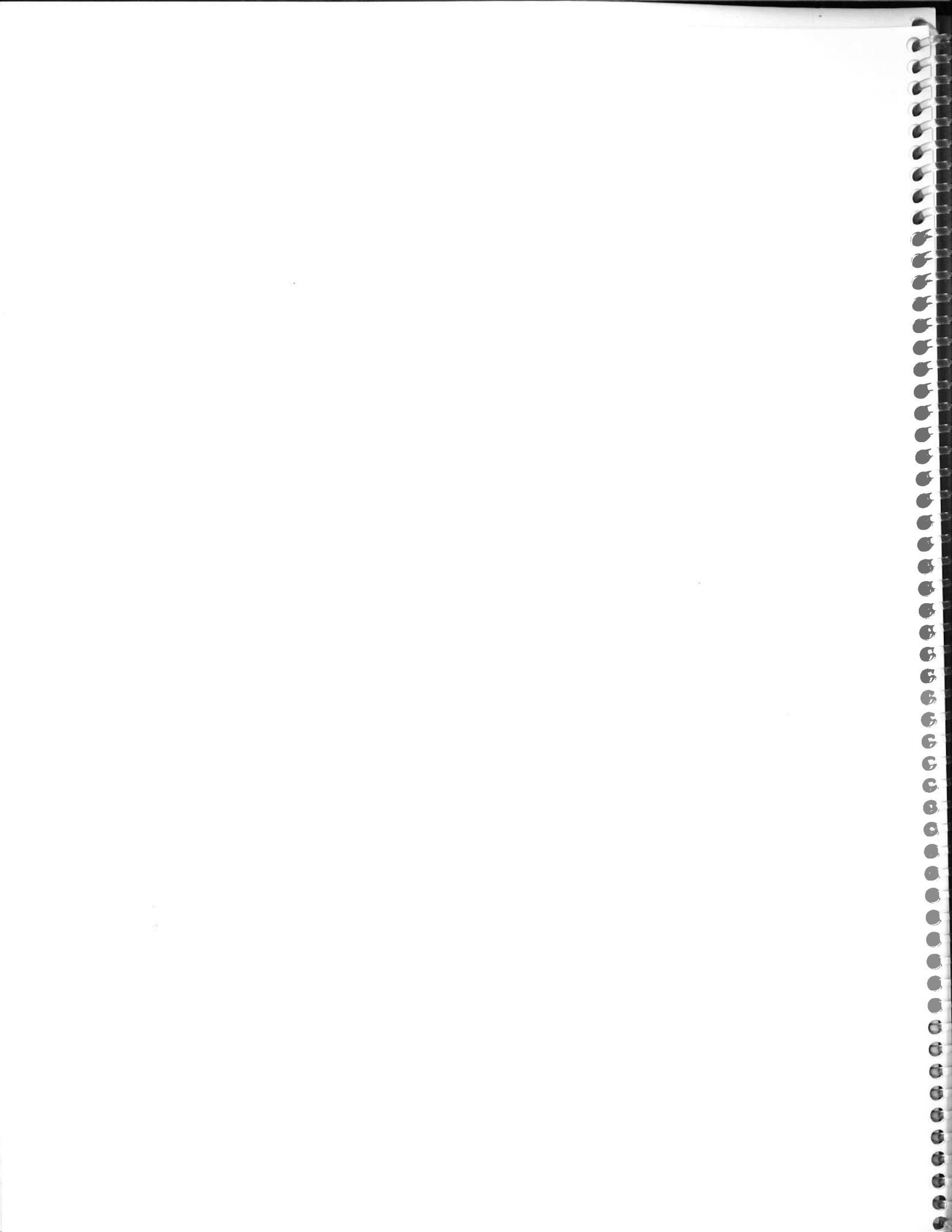


Mike Johanns
Governor

Department of Administrative Services

Lori McClurg
Director

Paul R. Carlson
State Accounting Administrator



COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2001

TABLE OF CONTENTS

INTRODUCTORY SECTION

	Page
Transmittal Letter from the Governor	5
Selected State Officials	6
Transmittal Letter from the Department of Administrative Services	7
Organization Chart	16
Certificate of Achievement	17

FINANCIAL SECTION

Independent Auditors' Report	20
General Purpose Financial Statements	
Combined Balance Sheet – All Fund Types, Account Groups and Discretely Presented Component Units	24
Combined Statement of Revenues, Expenditures, and Changes in Fund Balances – All Governmental Fund Types and Expendable Trust Funds	27
Combined Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual (Budgetary Basis) – General, Cash, Construction, Federal and Revolving Funds	28
Combined Statement of Revenues, Expenses, and Changes in Retained Earnings/Fund Balances – All Proprietary Fund Types and Nonexpendable Trust Funds	31
Combined Statement of Cash Flows – All Proprietary Fund Types and Nonexpendable Trust Funds	32
Combining Statement of Plan Net Assets – Pension Trust Funds	34
Combining Statement of Changes in Plan Net Assets – Pension Trust Funds	35
Combining Balance Sheet – Discretely Presented Component Units – College and University Funds	36
Combining Statement of Changes in Fund Balances – Discretely Presented Component Units – College and University Funds	37
Combining Statement of Current Funds Revenues, Expenditures and Other Changes – Discretely Presented Component Units – College and University Funds	38
Notes to the Financial Statements	
Summary of Significant Accounting Policies	39
Budgetary Process	43
Cash and Cash Equivalents and Investments	45
Deposits and Investments Portfolio	45
Due To/From Other Funds	48
Fixed Assets	48
Bonds Payable	48
Lease Commitments	50
General Long-Term Debt	50
Obligations Under Other Financing Arrangements	50
Contributed Capital	51
Pension Plans	51
Contingencies and Commitments	53
Risk Management	54
Segment Information	54
Reservations of Fund Balance	55
Joint Venture	55
Accounting Changes	55
Pronouncements Issued Not Yet Implemented	55

TABLE OF CONTENTS (Continued)

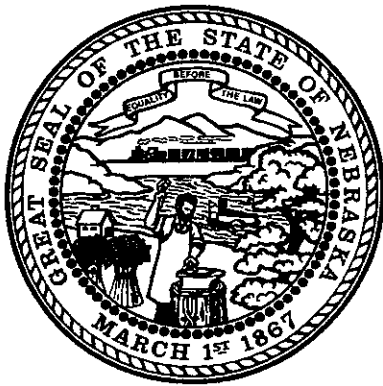
FINANCIAL SECTION (Continued)

Combining and Individual Fund Statements and Schedules

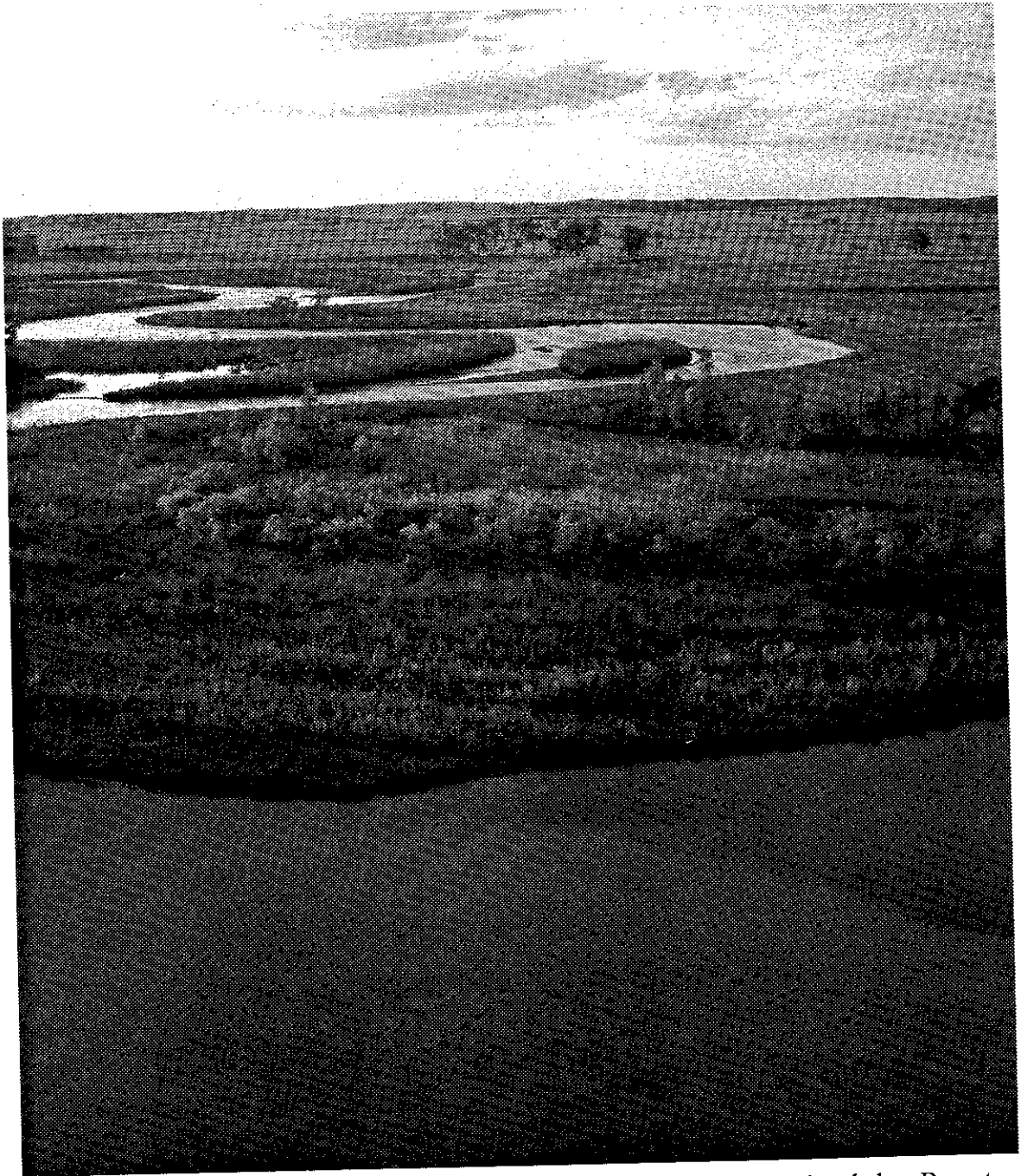
Special Revenue Funds	58
Combining Balance Sheet – All Special Revenue Funds.....	58
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – All Special Revenue Funds.....	60
Enterprise Funds	64
Combining Balance Sheet – Enterprise Funds.....	64
Combining Statement of Revenues, Expenses, and Changes in Retained Earnings – Enterprise Funds.....	65
Combining Statement of Cash Flows – Enterprise Funds.....	66
Internal Service Funds	68
Combining Balance Sheet – Internal Service Funds.....	68
Combining Statement of Revenues, Expenses, and Changes in Retained Earnings – Internal Service Funds.....	70
Combining Statement of Cash Flows – Internal Service Funds.....	72
Trust and Agency Funds	77
Combining Balance Sheet – All Trust and Agency Funds.....	77
Combining Balance Sheet – Expendable Trust Funds.....	78
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Expendable Trust Funds.....	80
Combining Balance Sheet – Nonexpendable Trust Funds.....	82
Combining Statement of Revenues, Expenses, and Changes in Fund Balances – Nonexpendable Trust Funds.....	84
Combining Statement of Cash Flows – Nonexpendable Trust Funds.....	86
Combining Statement of Plan Net Assets – Pension Trust Funds.....	88
Combining Statement of Changes in Assets and Liabilities – All Agency Funds.....	89
General Fixed Assets Account Group	92
Schedule of General Fixed Assets by Function.....	92
Schedule of Changes in General Fixed Assets by Function.....	92
Schedule of General Fixed Assets by Source.....	93

STATISTICAL SECTION

Ten Year Schedule of Revenues and Expenditures – All Governmental Fund Types.....	96
Schedule of Budgetary Fund Conversion Table.....	98
Revenue Bond Coverage – Colleges and Universities.....	103
Economic Characteristics.....	104
Miscellaneous Statistics.....	111



INTRODUCTORY SECTION



North Loup River below Brewster

STATE OF NEBRASKA

OFFICE OF THE GOVERNOR
P.O. Box 94848
Lincoln, Nebraska 68509-4848
Phone: (402) 471-2244



Mike Johanns
Governor

December 12, 2001

Members of the Legislature
Citizens of the State of Nebraska

It is my pleasure to submit Nebraska's Comprehensive Annual Financial Report for fiscal year 2001.

This report demonstrates the fiscal control and integrity which has been one of the principal objectives of my administration. It also demonstrates the fiscal strength and stability of the Nebraska economy, as evidenced by the recent and projected gains in employment, personal income and retail sales.

During the past year, the Legislature acted on several of my initiatives dealing with lower taxes, less government and building Nebraska's economy. These initiatives will provide significant benefits to the citizens of Nebraska. The letter from the Department of Administrative Services discusses these initiatives in more detail.

Our ability to manage our fiscal affairs and provide full disclosure of the State's fiscal condition is demonstrated by the unqualified audit opinion that follows. I am also proud that the 2000 report submitted to the Government Finance Officers Association was awarded the prestigious Certificate of Achievement for Excellence in Financial Reporting for the tenth consecutive year. I am confident the 2001 report will also receive this distinction.

I would like to thank the Department of Administrative Services for its commitment in dealing with the complex accounting issues involved in preparing this report, as well as all the state agencies for their cooperation in gathering the necessary information.

Sincerely,

A handwritten signature in dark ink, appearing to read "Mike Johanns", is written over a light blue horizontal line.

Mike Johanns
Governor

SELECTED STATE OFFICIALS

As of June 30, 2001

EXECUTIVE

Mike Johanns

Governor

David I. Maurstad

Lieutenant Governor

Donald B. Stenberg

Attorney General

Kate Witek

Auditor of Public Accounts

John A. Gale

Secretary of State

David Heineman

State Treasurer

JUDICIAL

John V. Hendry

Chief Justice

Supreme Court of Nebraska (7 Judges)

LEGISLATIVE

Douglas Kristensen

Speaker of the Legislature

Nebraska Unicameral (49 Senators)

STATE OF NEBRASKA



Mike Johanns
Governor

DEPARTMENT OF ADMINISTRATIVE SERVICES

Lori McClurg

Director

Suite 1315, State Capitol
Lincoln, Nebraska 68509-4664
Phone (402) 471-2331

December 11, 2001

The Honorable Mike Johanns, Governor
Members of the Legislature
Citizens of the State of Nebraska

We are pleased to present the Comprehensive Annual Financial Report of the State of Nebraska (the "State") for the fiscal year ended June 30, 2001. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the State Accounting Division of the Department of Administrative Services. We are confident the data presented is accurate in all material respects, is presented in a manner that fairly sets forth the financial position and results of operations of the State as measured by the financial activity of its various funds, and that all disclosures necessary to enable the reader to gain an understanding of the State's financial position and results of operations have been included.

This report has been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) for governments as established by the Governmental Accounting Standards Board.

The Comprehensive Annual Financial Report is presented in three sections as follows:

- The Introductory Section includes this transmittal letter, the State's organizational chart and a list of principal officials as of June 30, 2001.
- The Financial Section includes the auditors' report, general purpose financial statements, and the combining and individual fund and account group financial statements and schedules.
- The Statistical Section includes selected financial and demographic information, generally presented on a multi-year basis.

The financial reporting entity includes all funds and account groups of the State as legally defined, as well as all of its component units. Component units are legally separate entities for which the State is financially accountable. Note 1B of the Notes to the Financial Statements provides a more complete description of the State's reporting entity. The State provides a full range of services including: the construction and maintenance of highways and infrastructure, education, social and health services, public safety, conservation of natural resources, economic development, and recreation facilities and development.

ECONOMIC CONDITION AND OUTLOOK

Revenues and Expenditures

A major factor in all financial and budget decisions will be the amount of revenue available to finance funding requests and initiatives. Current projections anticipate net General Fund cash receipts of \$2.55 billion during the fiscal year ending June 30, 2002, a 3.7 percent increase over fiscal year 2001 actual receipts. A significant portion of this revenue is dependent on individual income tax and sales and use tax, both of which are directly related to personal income. Through the end of November 2001, net General Fund receipts exceeded the revised projections by \$5.4 million.

During the last Legislative session and the special session, several appropriation bills were passed and signed by the Governor that brought the total State General Fund cash basis appropriation for fiscal year 2002 to \$2.61 billion (up 5.2 percent from 2001). The total biennium appropriation is projected to result in a June 30, 2003 General Fund cash balance of \$111.9 million or 2.0 percent of biennial appropriations. This amount is below the minimum three percent reserve provided for in State law. Additional budget adjustments will be considered in the next legislative session.

Economy

The Bureau of Business Research at the University of Nebraska-Lincoln forecasts slowing economic advances by the Nebraska economy for calendar years 2001 and 2002. The Bureau, in its latest report for December 2001, predicts that employment, personal income and retail sales will all continue to show positive growth, but at slower growth rates.

Total non-farm employment growth slowed to a rate of 1.8 percent in 2000. The 2001 growth rate is expected to be near one percent, then increasing to 1.8 percent in 2002. The slowdown is the result of a slowing national economy.

Non-farm personal income grew solidly in 2000, reflecting strength in wages and salaries. Gains will slow, but are expected to be over 4.5 percent for both 2001 and 2002. Wage and salary gains are a direct result of Nebraska's tight labor market. Following adjustment for inflation, real gains in non-farm personal income are predicted to be about 3 percent for both years.

Both motor vehicle sales and non-motor vehicle sales grew at slower rates in 2000. The result was an increase of 3.2 percent from 1999. In response to the national economic downturn, retail sales growth should decrease to 1.9 percent for 2001, then increase to 3.2 percent for 2002.

	ACTUAL				PROJECTED	
	1997	1998	1999	2000	2001	2002
Non-farm Employment:						
Annual Totals	872,381	892,160	907,680	923,852	932,366	949,369
Growth Rates	2.5%	2.3%	1.7%	1.8%	0.9%	1.8%
Non-farm Personal Income:						
Annual Totals (in millions \$)	39,056	41,748	43,867	46,138	48,193	50,689
Growth Rates	5.3%	6.9%	5.1%	5.2%	4.5%	5.2%
Net Taxable Retail Sales						
Growth Rates:						
Total	5.7%	6.7%	4.2%	3.2%	1.9%	3.2%
Motor Vehicle Sales	6.6%	9.6%	4.3%	3.4%	1.2%	0.8%
Non-motor Vehicle Sales	5.6%	6.3%	4.2%	3.2%	2.0%	3.5%

MAJOR INITIATIVES

Lower Taxes

Legislation was passed that finances the reduction of the maximum levy allowed for public schools. This legislation will reduce local government property taxes.

Less Government

Legislation was passed that consolidates Employment Service, Job Training, and Labor Market Information to improve the State's workforce development system. Funding was also provided to improve access to services and information by supporting Nebraska Information Technology Commission endorsed projects.

Building Nebraska's Economy

The Invest Nebraska Act revises the Quality Jobs Act, which allows tax incentives to companies that create new jobs and new investments in Nebraska. A Venture Capital Forum provides education and technical assistance to small/start-up companies to improve venture capital investment. Additional legislation allocates cigarette tax revenue to Lincoln's Antelope Valley and Omaha's Riverfront projects, continues document stamp tax funding to address the shortage of affordable housing, and provides matching funds to water quality programs.

Safe Communities

State funding was provided to allow for continued funding of 22 law enforcement officers in the Community Oriented Police Services (COPS) program, which is currently funded with a federal grant. Funding was also provided to increase the exchange of information between the State and federal agencies through the Criminal Justice Information System. Other legislation was passed that provides funding for additional State Patrol troopers and investigators, provides staffing and operations for a new prison at Tecumseh, adds 165 beds and laundry facilities at York, and provides funding to improve public safety communications through a statewide communications system.

Health, Safety, and Success of Nebraska's Children and Families

Several pieces of legislation were enacted to enhance education, health care and child support services provided to citizens of the State. This legislation included providing funding for a variety of educational programs, child protection and safety, child welfare services, child care, adoption incentives, nursing incentives, substance abuse counseling, EMS trauma systems, improving health services for minority populations, biomedical research, expending juvenile services, help with assisted living rates, and increased aid to the aging.

FINANCIAL INFORMATION

Internal Controls

State management is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the State are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with GAAP. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

Budgeting Controls

Budgetary control is maintained through legislative appropriation and the executive branch allotment process. A budget is required to be adopted through passage of appropriation bills by the Legislature. The appropriated funds are allocated by program and are controlled by the executive branch through an allotment process. This process allocates the appropriation by program and fund type. The Legislature may also enact a supplemental appropriation bill and other appropriation bills, as it deems necessary.

State law does not require encumbrance accounting, although there is a provision in the law for agencies to encumber items at the end of one biennium to carry over the encumbered amounts to the next biennium. Because the encumbrance process is not mandatory, the State does not record encumbrances on its financial statements.

The State's budgetary process is explained in detail in Note 2 of the Notes to the Financial Statements.

General Government Functions

General governmental activities are accounted for in three governmental fund types. These fund types are the general, special revenue and capital projects funds. The debt service fund is not utilized because all outstanding revenue bonds have been paid off. Revenue and other financing sources for general governmental functions totaled \$5.17 billion for the fiscal year ended June 30, 2001, an increase of 1.21 percent over total revenue sources for the fiscal year ended June 30, 2000.

The State's most significant sources of revenue are its retail sales tax, individual income tax and federal grants and contracts.

As of June 30, 2001, the following tax rates were in effect:

TYPE	PERCENT	DATE OF LAST CHANGE
Sales and Use Tax	5.0%	July 1, 1999
Corporate Income Tax	5.58% and 7.81%	January 1, 1991
Individual Income Tax	2.51% to 6.68%	January 1, 1997

The corporate income tax rate is comprised of two brackets that break at \$50,000 of taxable income. There are four individual income tax brackets that break at various amounts depending on filing status. Nebraska income is based on federal adjusted gross income minus a standard deduction or itemized deductions and personal exemptions. A personal exemption credit replaces the deduction for personal exemptions. The personal exemption

credit is \$91 for 2001. The credit is phased out as federal adjusted gross income increases for higher income taxpayers.

Revenue from various sources for fiscal year 2001 and the amount and percentage of increases and decreases in relation to the prior fiscal year are as follows (expressed in thousands):

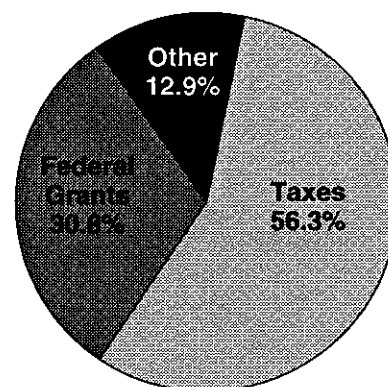
REVENUES AND OTHER FINANCING SOURCES	AMOUNT	PERCENT OF TOTAL	INCREASE (DECREASE) FROM 2000	
			AMOUNT	PERCENTAGE
Income Tax	\$ 1,374,256	26.57%	\$ 64,046	4.89 %
Sales and Use Tax	1,068,832	20.66	(14,860)	(1.37)%
Petroleum Tax	291,545	5.64	10,845	3.86 %
Other Taxes	178,559	3.45	(994)	(0.55)%
Federal Grants and Contracts	1,591,531	30.77	33,832	2.17 %
Licenses, Fees and Permits	159,338	3.08	(1,577)	(0.98)%
Charges for Services	81,691	1.58	3,044	3.87 %
Investment Income	121,870	2.36	51,707	73.70 %
Rents and Royalties	9,998	0.19	(377)	(3.63)%
Other	145,790	2.82	(29,566)	(16.86)%
Total Revenues	5,023,410	97.12	116,100	2.37 %
Other Financing Sources	149,180	2.88	(54,511)	(26.76)%
Total Revenues and Other Financing Sources	<u>\$ 5,172,590</u>	<u>100.00%</u>	<u>\$ 61,589</u>	1.21 %

Changes in revenues were highlighted by:

- Income taxes increased by \$64.0 million or 4.89 percent. This increase was primarily attributable to increases in personal income during 2000 and 2001.
- Sales and use taxes decreased by \$14.9 million or 1.37 percent. This was mainly due to employment and investment growth tax incentives, which caused a significant increase in sales tax refunds.
- Federal Grants and Contracts increased by \$33.8 million or 2.17 percent. This was mainly due to increases in aid payments in the Medicaid, Temporary Aid to Needy Families (TANF) and Child Care programs administered by the Health and Human Services System.
- Investment income increased by \$51.7 million or 73.70 percent. This increase was mainly attributed to an increase in the average cash balances for the year.
- Other revenues decreased by \$29.6 million or 16.86 percent mainly due to a decrease in tobacco settlement revenue.

Expenditures and other financing uses for general government activities totaled \$5.05 billion for the fiscal year ended June 30, 2001, representing a 1.94 percent increase from 2000. General government expenditures by function for fiscal year 2001 and the amount and percentage of increases and decreases in relation to the prior fiscal year are as follows (expressed in thousands):

REVENUES – 2001

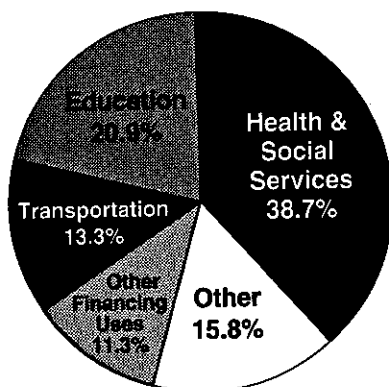


EXPENDITURES AND OTHER FINANCING USES	AMOUNT	PERCENT OF TOTAL	INCREASE (DECREASE) FROM 2000	
			AMOUNT	PERCENTAGE
Current:				
General Government	\$ 113,788	2.25%	\$ 5,510	5.09 %
Conservation of Natural Resources	94,481	1.87	(1,343)	(1.40)%
Culture – Recreation	24,059	0.48	1,305	5.74 %
Economic Development and Assistance	81,045	1.60	486	0.60 %
Education	1,055,402	20.88	5,915	0.56 %
Health and Social Services	1,958,926	38.76	165,942	9.26 %
Public Safety	197,363	3.91	7,513	3.96 %
Regulation of Business and Professions	81,855	1.62	13,811	20.30 %
Transportation	670,771	13.27	(89,201)	(11.74)%
Intergovernmental	154,425	3.06	33,231	27.42 %
Capital Projects	45,321	0.90	(21,157)	(31.83)%
Debt Service	4,824	0.10	(9,529)	(66.39)%
Total Expenditures	4,482,260	88.69	112,483	2.57 %
Other Financing Uses	571,339	11.31	(16,227)	(2.76)%
Total Expenditures and Other Financing Uses	<u>\$ 5,053,599</u>	<u>100.00%</u>	<u>\$ 96,256</u>	1.94 %

Changes in expenditures were highlighted by:

- Health and Social Services increased \$165.9 million or 9.26 percent. This was mainly due to increases in aid payments in the Medicaid, Temporary Aid to Needy Families (TANF) and Child Care programs administered by the Health and Human Services System.
- Regulation of Business and Professions increased \$13.8 million or 20.30 percent due to increased aid to local phone companies from distribution of phone bill surcharges.
- Transportation decreased \$89.2 million or 11.74 percent. This was attributable to an accelerated program for highway construction in fiscal year 2000, not matched in 2001.
- Intergovernmental increased \$33.2 million or 27.42 percent due to an increase in the amount of aid to taxpayers for property tax relief.
- Capital Projects expenditures decreased \$21.2 million or 31.83 percent mainly due to completion of a new correctional facility.

EXPENDITURES – 2001



Fund Conversion

The State's budgetary funds are grouped into the appropriate generic fund types to report the State's financial activity in conformance with GAAP. Approximately 500 budgetary funds have been grouped into the 60 individual funds that are included in the financial statements. Note 2 of the Notes to the Financial Statements includes a matrix that shows the perspective differences that result from this conversion.

General Fund Balance

The fund balance of the General Fund decreased by \$71.5 million to a total of \$199.8 million at June 30, 2001. The cash and investment balance of the General Fund was \$405.7 million. Current cash flow projections place the June 30, 2002, cash and investment balance at approximately \$370 million.

Proprietary Operations

The State has two enterprise funds included in the financial statements that provide services for individuals and entities outside state government, which are the Lottery Fund and the Excess Liability Fund. The Lottery Fund, which began activity in 1993, generated \$66.5 million of operating revenues and \$16.6 million of income before transfers for fiscal year 2001. The Excess Liability Fund provides liability coverage for certain health care providers. Operating revenues, which are primarily insurance premiums, amounted to \$1.0 million. The retained earnings for this fund was \$7.7 million at June 30, 2001.

Several internal service funds provide a variety of services to state agencies. These include computer services, transportation services, telecommunications, printing, general services, building management, risk management and other services. The operating revenues for the internal service funds were \$152.7 million for fiscal year 2001. These funds ended the year with total retained earnings of \$61.6 million.

Retirement Systems

Total net assets of the State's pension trust funds reached \$5.5 billion by June 30, 2001. These are the assets of the three defined benefit plans (School, Judges and State Patrol plans) and two defined contribution plans (County and State Employees plans) that are administered by the State.

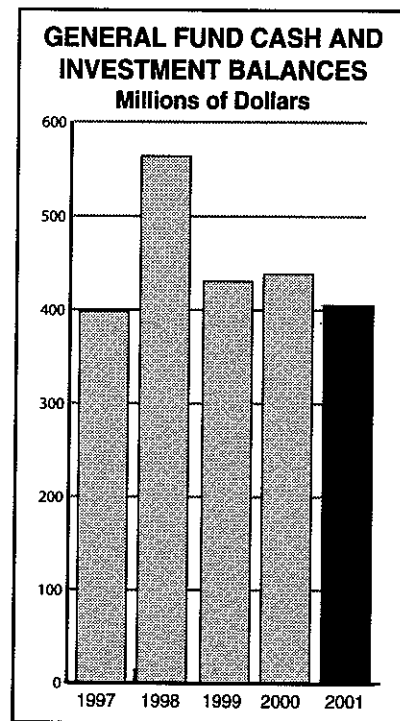
Debt Administration

Article XIII of the State Constitution prohibits the State from incurring debt in excess of one hundred thousand dollars. However, there is a provision in the constitution that permits the issuance of revenue bonds for: (1) construction of highways; and (2) construction of water conservation and management structures. At June 30, 2001, there was no outstanding debt for either of these purposes. The State can enter into capital lease and other financing contracts provided that the contracts include cancellation clauses if the Legislature does not appropriate funds to continue the lease or financing arrangement. Through June 30, 2001, the Legislature has appropriated the necessary funds. See Notes 8 and 10 of the Notes to the Financial Statements for more information on capital leases and other financing contracts.

There is \$25.7 million of bonds payable by separate legal entities that have been included in the financial activity reflected in the financial statements. These bonds do not represent a general obligation of the State and are secured by revenues from the building and equipment that the debt was incurred to purchase.

The constitution also authorizes the Board of Regents of the University of Nebraska, the Board of Trustees of the Nebraska State Colleges, and the State Board of Education to issue revenue bonds to construct, purchase, or remodel educational buildings and facilities. The payment of these bonds is generally made from revenue collected from use of the buildings and facilities. At June 30, 2001, \$80.4 million of such bonds were outstanding.

The Legislature has authorized the creation of two financing authorities that are not subject to state constitutional restrictions on the incurrence of debt. These financing authorities were organized to assist in providing funds for the construction of capital improvement projects at the Colleges and Universities. At June 30, 2001, these authorities had \$105.0 million of bonds outstanding. Although the State has no legal responsibility for the debt of these financing authorities, they are considered part of the reporting entity.



Risk Management

Workers' compensation, employee liability and general liability are self-insured. Commercial insurance coverage has been purchased for automobile liability, real and personal property damage, employee life and health coverage, and employees' errors or omissions. Note 14 of the Notes to the Financial Statements discusses the State's risk management activities in more detail.

Cash Management

All cash is required to be deposited in the State Treasury. With the assistance of the State Investment Officer, the State Treasurer pools all cash in one of two investment pools. The Short Term Investment Pool (STIP) is comprised of short-term instruments and the Medium Term Investment Pool (MTIP) is comprised of medium-term instruments. The MTIP is reflected as investments on the State's financial statements. Interest earnings are credited on a monthly basis to each fund that the Legislature has designated as eligible to earn interest. All interest earnings not credited to other funds are deposited in the General Fund.

At June 30, 2001, there was \$1,660.5 million invested in the STIP and MTIP. This was invested as follows: 46.6 percent in government securities; 30.4 percent in corporate bonds; 15.2 percent in commercial paper; 5.3 percent in certificates of deposit; and 2.5 percent in money market funds. For the fiscal year ended June 30, 2001, the average daily balance of \$1,644.8 million returned \$98.0 million, a 5.97 percent yield. This yield represents an increase of .23 percent from 2000.

State law requires that all public funds deposited in banks be secured by the bank by maintaining, at all times, an aggregate amount of securities of at least 102 percent of the amount on deposit, less the \$100,000 insured by the Federal Deposit Insurance Corporation (FDIC). It is the State's policy to continually monitor the clearing and depository banks for compliance with this law.

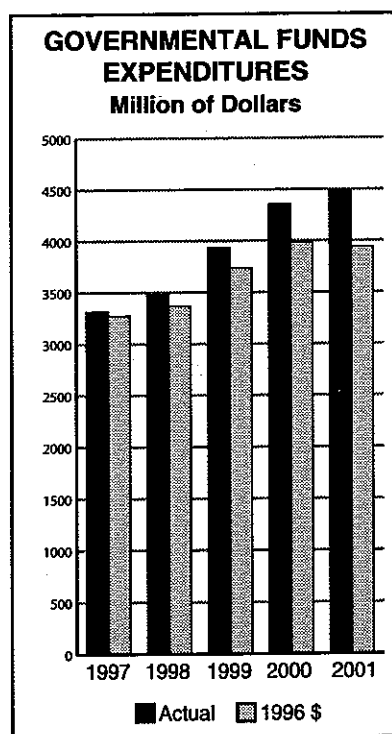
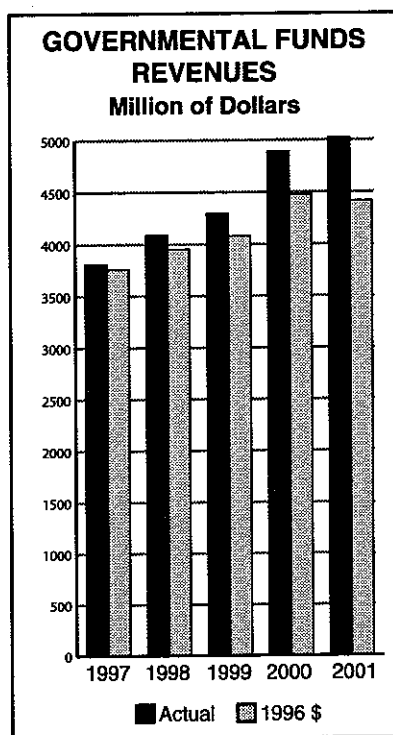
General Fixed Assets

The general fixed assets of the State are those fixed assets used in performance of general governmental functions. They do not include infrastructure (roads, bridges, flood control projects, etc.) or fixed assets of proprietary funds and the colleges and universities; these fixed assets are reported separately.

At June 30, 2001, the general fixed assets of the State amounted to \$678.5 million. This amount represents the valuation of general fixed assets in accordance with GAAP and the State's capitalization policy as described in Note 1 of the Notes to the Financial Statements.

AUDITS

The firm of KPMG LLP has audited the general purpose financial statements and their report is included in the Financial Section of this report. The audit was conducted in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the General Accounting Office's *Government Auditing Standards*. The required report on internal control and compliance with laws and regulations is included as part of the statewide Single Audit report, which is issued under a separate cover.



The audit described above was designed to meet the requirements of the Federal Single Audit Act Amendments of 1996 and the related U.S. Office of Management and Budget's Circular A-133.

CERTIFICATE OF ACHIEVEMENT

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the State of Nebraska for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2000. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized CAFR, whose contents conform to rigorous program standards. The CAFR must satisfy both GAAP and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. The State of Nebraska has received a Certificate of Achievement for the last ten consecutive years. We believe that our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

CONCLUSION

This report continues our commitment to comprehensive disclosure of the State's financial condition. We are committed to issuing reports that are informative and meet governmental accounting standards. Reports that meet these standards provide the reader with an opportunity to make more informed judgments about the government's financial position and results of operations.

The 2001 Comprehensive Annual Financial Report represents our commitment to this goal. We wish to express our appreciation to the accounting staff of the State Accounting Division of the Department of Administrative Services and the budget and accounting staff throughout state government for their assistance in the preparation of this report.

Your comments and suggestions are welcome.

Respectfully submitted,

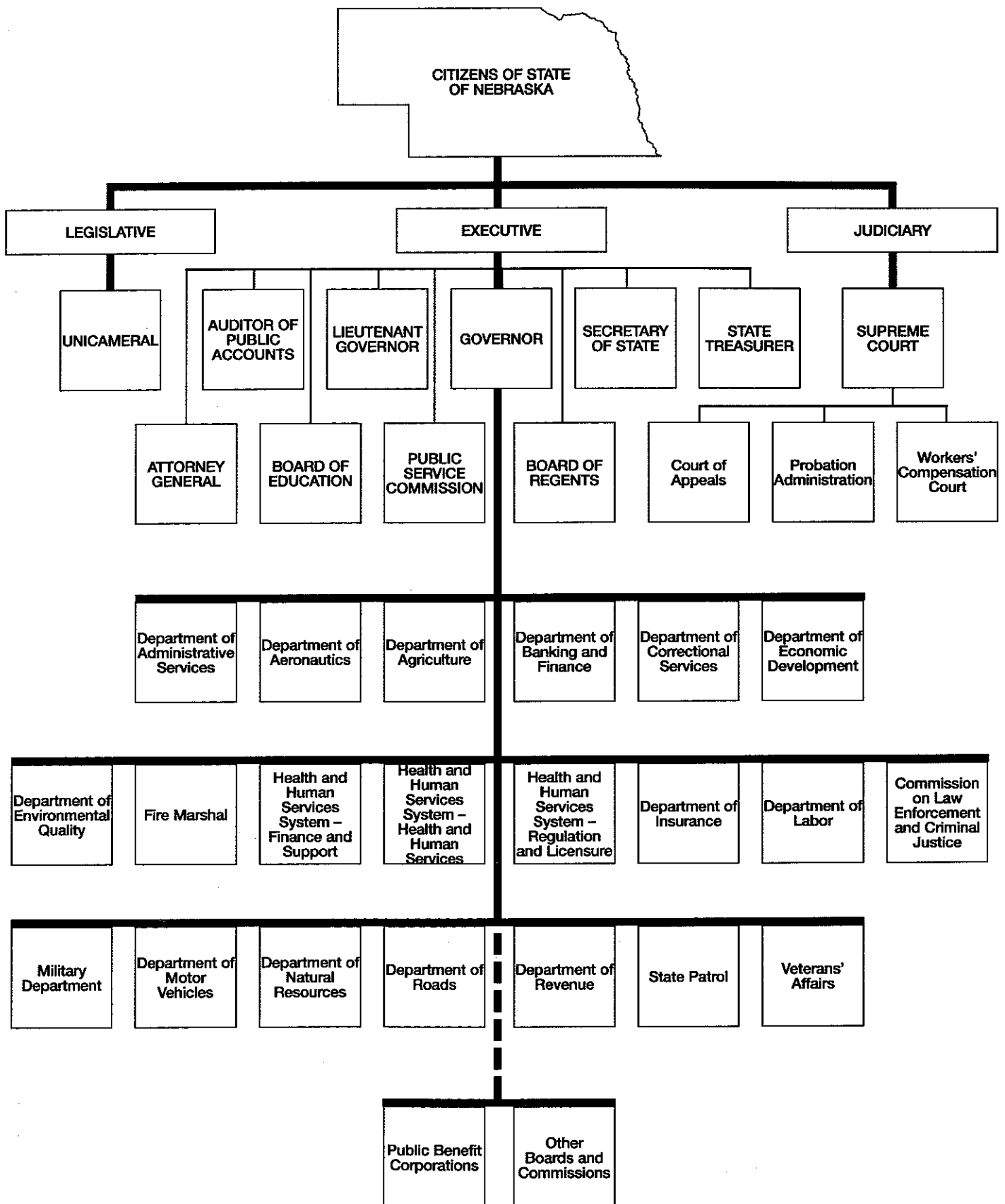


Lori McClurg
Director, Department of
Administrative Services



Paul Carlson
State Accounting
Administrator

ORGANIZATION CHART



Certificate of Achievement for Excellence in Financial Reporting

Presented to

State of
Nebraska

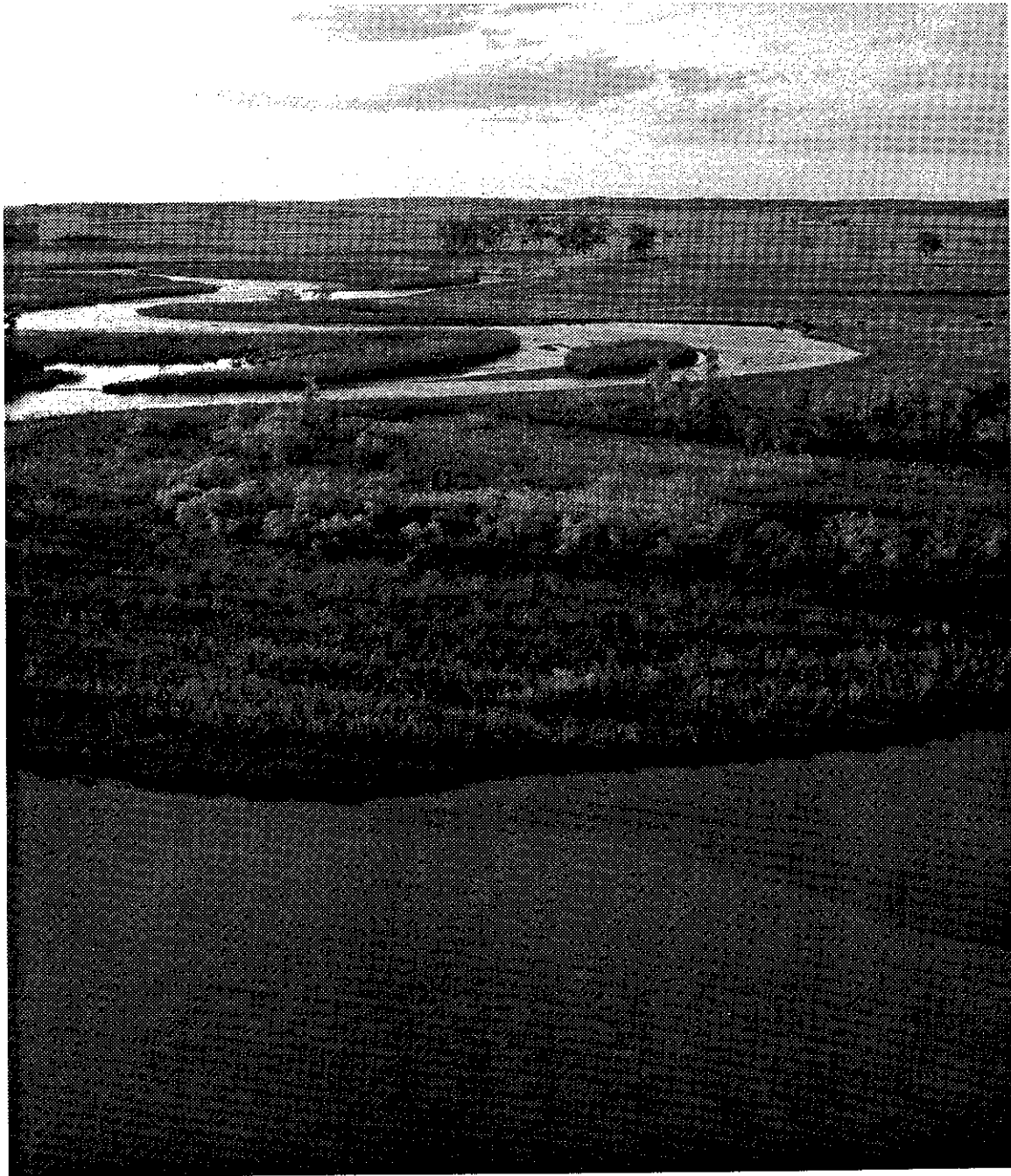
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2000

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



Thomas A. Graw
President

Jeffrey L. Esser
Executive Director



North Loup River below Brewster



FINANCIAL SECTION



INDEPENDENT AUDITORS' REPORT

The Honorable Governor,
Members of the Legislature and
Citizens of the State of Nebraska:

We have audited the accompanying general purpose financial statements of the State of Nebraska as of and for the year ended June 30, 2001, as listed in the foregoing table of contents. These general purpose financial statements are the responsibility of the State of Nebraska's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit. We did not audit the financial statements of the University of Nebraska, Chadron State College, Peru State College, Wayne State College, the Nebraska State Lottery enterprise fund, and the State and County Employees' Retirement Plans, which represent all of the discretely presented component units; 20.0 percent and 98.5 percent, respectively, of the total assets and total operating revenues of the enterprise fund type; and 16.9 percent and 207.6 percent, respectively, of the total plan net assets and additions to plan net assets of the pension trust fund type. Those financial statements were audited by other auditors whose reports have been furnished to us, and our opinion on the general purpose financial statements, insofar as it relates to the amounts included for the University of Nebraska, Chadron State College, Peru State College, Wayne State College, the Nebraska State Lottery enterprise fund, and the State and County Employees' Retirement Plans, is based solely on the reports of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit and the reports of other auditors provide a reasonable basis for our opinion.

In our opinion, based on our audit and the reports of other auditors, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the State of Nebraska as of June 30, 2001, and the results of its operations, the cash flows of its proprietary fund types and nonexpendable trust funds, and the changes in plan net assets of its pension trust funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 18 to the general purpose financial statements, during 2001, the State of Nebraska implemented Governmental Accounting Standards Board Statements No. 33, *Accounting and Financial Reporting for Nonexchange Transactions* and No. 36, *Recipient Reporting for Certain Shared Nonexchange Revenues*, an amendment of GASB Statement No. 33.

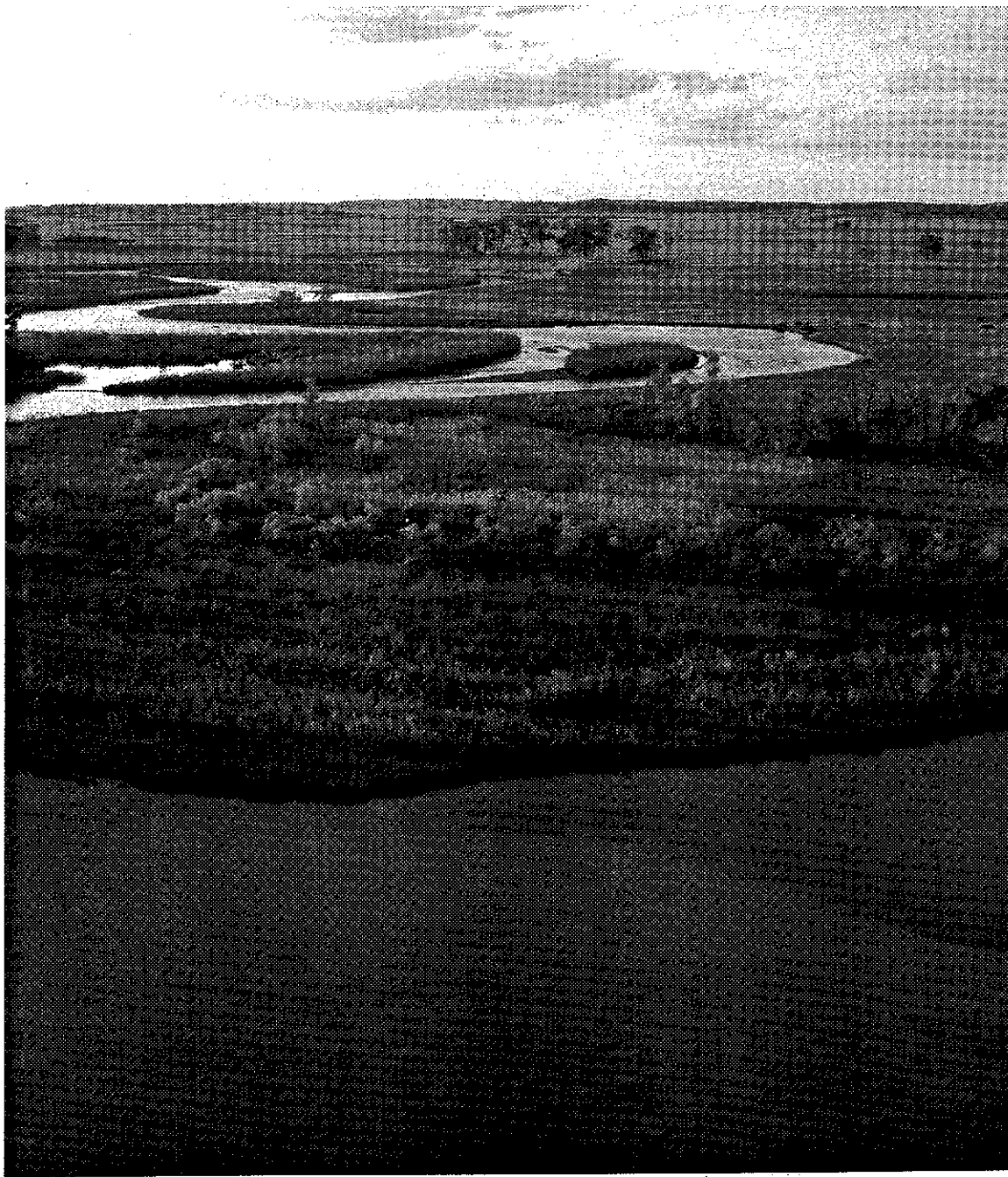
In accordance with *Government Auditing Standards*, we have also issued a report dated December 7, 2001, on our consideration of the State of Nebraska's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was made for the purpose of forming an opinion on the general purpose financial statements of State of Nebraska taken as a whole. The combining and individual fund statements and schedules within the financial section as listed in the foregoing table of contents, which are also the responsibility of the management of the State of Nebraska, are presented for purposes of additional analysis and are not a required part of the general purpose financial statements of the State of Nebraska. Such additional information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, based on our audit and the reports of other auditors, is fairly stated, in all material respects, in relation to the general purpose financial statements taken as a whole.

We did not audit the data included in the introductory and statistical sections of this report and, accordingly, express no opinion thereon.

KPMG LLP

December 7, 2001
Lincoln, Nebraska



North Loup River below Brewster

GENERAL PURPOSE FINANCIAL STATEMENTS

State of Nebraska

COMBINED BALANCE SHEET – ALL FUND TYPES, ACCOUNT GROUPS AND DISCRETELY PRESENTED COMPONENT UNITS

June 30, 2001

(Dollars in Thousands)

	GOVERNMENTAL FUND TYPES		
	GENERAL	SPECIAL REVENUE	CAPITAL PROJECTS
ASSETS AND OTHER DEBITS:			
Cash and Cash Equivalents	\$ 7,082	\$ 376,344	\$ 23,017
Cash on Deposit with Fiscal Agents	-	28,132	-
Investments	398,620	398,681	-
Invested Securities Lending Collateral	156,530	146,434	-
Investment in Joint Venture	-	-	-
Receivables, net of allowance:			
Taxes	218,876	40,215	-
Due from Federal Government	-	228,358	-
Loans	-	132,497	-
Other	17,138	59,028	346
Due from Other Funds	3,789	4,865	1,501
Due from Primary Government	-	-	-
Inventories	-	28,584	-
Prepaid Items	67	172	-
Property, Plant, and Equipment, net	-	-	-
Other	377	592	-
Amount Available for Debt Service	-	-	-
Amount to be Provided For Debt Service	-	-	-
TOTAL ASSETS AND OTHER DEBITS	\$ 802,479	\$ 1,443,902	\$ 24,864
LIABILITIES, EQUITY AND OTHER CREDITS			
LIABILITIES:			
Accounts Payable and Accrued Liabilities	\$ 50,939	\$ 127,825	\$ 7,264
Tax Refunds Payable	245,511	5,707	-
Due to Other Governments	538	16,037	-
Deposits	1,409	4,761	-
Due to Other Funds	49,425	9,190	19
Due to Component Units	17,595	-	-
Obligations under Securities Lending	156,530	146,434	-
Claims Payable	71,298	80,316	-
Bonds Payable	-	-	-
Capital Lease Obligations	-	-	-
Obligations under Other Financing Arrangements	-	-	-
Accrued Compensated Absences	-	-	-
Deferred Revenue	9,386	19,981	-
Other	-	333	-
TOTAL LIABILITIES	602,631	410,584	7,283
EQUITY AND OTHER CREDITS:			
Investment in Fixed Assets	-	-	-
Contributed Capital	-	-	-
Retained Earnings:			
Reserved	-	-	-
Unreserved	-	-	-
Fund Balances:			
Reserved	67	1,033,318	-
Restricted for Aid	-	-	-
Unreserved:			
Designated for Colleges and Universities	-	-	-
Designated for Cash Shortages	110,066	-	-
Undesignated	89,715	-	17,581
TOTAL EQUITY AND OTHER CREDITS	199,848	1,033,318	17,581
TOTAL LIABILITIES, EQUITY AND OTHER CREDITS	\$ 802,479	\$ 1,443,902	\$ 24,864

The accompanying notes are an integral part of the financial statements.

PROPRIETARY FUND TYPES		FIDUCIARY FUND TYPES	ACCOUNT GROUPS		TOTALS (MEMORANDUM ONLY) PRIMARY GOVERNMENT	COMPONENT UNITS COLLEGES AND UNIVERSITIES
ENTERPRISE	INTERNAL SERVICE	TRUST AND AGENCY	GENERAL FIXED ASSETS	GENERAL LONG-TERM DEBT		
\$ 12,910	\$ 51,855	\$ 348,487	\$ -	\$ -	\$ 819,695	\$ 247,250
-	-	-	-	-	28,132	145,420
49,488	-	5,855,279	-	-	6,702,068	212,515
125	-	270,965	-	-	574,054	-
-	-	-	-	-	-	123,745
-	-	-	-	-	259,091	-
-	-	-	-	-	228,358	-
-	-	-	-	-	132,497	37,250
3,363	1,489	54,734	-	-	136,098	112,493
-	39,259	15,944	-	-	65,358	7,635
-	-	-	-	-	-	17,595
-	2,832	-	-	-	31,416	9,379
167	1,066	-	-	-	1,472	3,229
154	25,171	814	678,489	-	704,628	1,353,559
2,821	-	5,284	-	-	9,074	170
-	-	-	-	6,089	6,089	-
-	-	-	-	125,285	125,285	-
<u>\$ 69,028</u>	<u>\$ 121,672</u>	<u>\$ 6,551,507</u>	<u>\$ 678,489</u>	<u>\$ 131,374</u>	<u>\$ 9,823,315</u>	<u>\$ 2,270,240</u>
\$ 4,459	\$ 6,196	\$ 25,057	\$ -	\$ -	\$ 221,740	\$ 89,926
-	-	-	-	-	251,218	-
-	-	42,415	-	-	58,990	-
-	672	853	-	-	7,695	1,886
702	1,489	4,533	-	-	65,358	7,635
-	-	-	-	-	17,595	-
125	-	270,965	-	-	574,054	-
46,200	39,031	11,842	-	3,375	252,062	-
-	-	-	-	25,670	25,670	185,375
-	6,031	974	-	6,807	13,812	21,965
-	-	-	-	7,345	7,345	-
120	4,213	156	-	88,177	92,666	33,568
1,232	289	-	-	-	30,888	34,515
-	-	41,348	-	-	41,681	-
<u>52,838</u>	<u>57,921</u>	<u>398,143</u>	<u>-</u>	<u>131,374</u>	<u>1,660,774</u>	<u>374,870</u>
-	-	-	678,489	-	678,489	1,229,537
-	2,109	-	-	-	2,109	-
2,821	-	-	-	-	2,821	-
13,369	61,642	-	-	-	75,011	-
-	-	6,122,964	-	-	7,156,349	-
-	-	30,400	-	-	30,400	-
-	-	-	-	-	-	665,833
-	-	-	-	-	110,066	-
-	-	-	-	-	107,296	-
<u>16,190</u>	<u>63,751</u>	<u>6,153,364</u>	<u>678,489</u>	<u>-</u>	<u>8,162,541</u>	<u>1,895,370</u>
<u>\$ 69,028</u>	<u>\$ 121,672</u>	<u>\$ 6,551,507</u>	<u>\$ 678,489</u>	<u>\$ 131,374</u>	<u>\$ 9,823,315</u>	<u>\$ 2,270,240</u>

This Page Intentionally Left Blank

State of Nebraska

COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUNDS

For the Year Ended June 30, 2001

(Dollars in Thousands)

	GOVERNMENTAL FUND TYPES			FIDUCIARY FUND TYPE	TOTALS (MEMORANDUM ONLY)
	GENERAL	SPECIAL REVENUE	CAPITAL PROJECTS	EXPENDABLE TRUST	
REVENUES:					
Taxes	\$ 2,375,142	\$ 528,505	\$ 9,545	\$ 56,509	\$ 2,969,701
Federal Grants and Contracts	34	1,588,205	3,292	-	1,591,531
Licenses, Fees and Permits	18,608	140,730	-	-	159,338
Charges for Services	2,346	79,345	-	4,360	86,051
Participant Contributions	-	-	-	6,683	6,683
Investment Income	57,421	63,274	1,175	2,036	123,906
Rents and Royalties	-	9,998	-	317	10,315
Other	9,163	132,356	4,271	6,179	151,969
TOTAL REVENUES	2,462,714	2,542,413	18,283	76,084	5,099,494
EXPENDITURES:					
Current:					
General Government	98,164	15,624	-	781	114,569
Conservation of Natural Resources	34,005	60,476	-	-	94,481
Culture - Recreation	5,727	18,332	-	-	24,059
Economic Development and Assistance	7,580	73,465	-	-	81,045
Education	851,856	203,546	-	718	1,056,120
Health and Social Services	796,621	1,162,305	-	5,777	1,964,703
Public Safety	140,824	56,539	-	-	197,363
Regulation of Business and Professions	3,847	78,008	-	-	81,855
Transportation	421	670,350	-	-	670,771
Unemployment Claims	-	-	-	80,493	80,493
Deferred Compensation Benefits	-	-	-	6,277	6,277
Intergovernmental	134,827	19,598	-	-	154,425
Capital Projects	-	-	45,321	-	45,321
Debt Service:					
Principal	-	3,125	-	-	3,125
Interest	-	1,699	-	-	1,699
TOTAL EXPENDITURES	2,073,872	2,363,067	45,321	94,046	4,576,306
Excess of Revenues Over (Under) Expenditures	388,842	179,346	(27,038)	(17,962)	523,188
OTHER FINANCING SOURCES (USES):					
Operating Transfers In	25,122	67,764	53,347	3,943	150,176
Operating Transfers Out	(59,367)	(66,930)	(2,866)	(9,383)	(138,546)
Operating Transfers to Component Units	(426,095)	-	(16,081)	-	(442,176)
Proceeds from Other Financing Arrangements	-	2,910	-	-	2,910
Proceeds from Capital Leases	-	37	-	13	50
TOTAL OTHER FINANCING SOURCES (USES)	(460,340)	3,781	34,400	(5,427)	(427,586)
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	(71,498)	183,127	7,362	(23,389)	95,602
FUND BALANCES, JULY 1	271,346	850,191	10,219	359,770	1,491,526
FUND BALANCES, JUNE 30	\$ 199,848	\$ 1,033,318	\$17,581	\$ 336,381	\$ 1,587,128

The accompanying notes are an integral part of the financial statements.

State of Nebraska

COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES BUDGET AND ACTUAL (BUDGETARY BASIS) GENERAL, CASH, CONSTRUCTION, FEDERAL AND REVOLVING FUNDS

For the Year Ended June 30, 2001

(Dollars in Thousands)	GENERAL FUND		
	BUDGET	ACTUAL	VARIANCE
REVENUES:			
Taxes	\$ 2,397,838	\$ 2,374,605	\$ (23,233)
Federal Grants and Contracts	35	35	-
Sales and Charges	21,010	21,010	-
Other	40,459	40,459	-
TOTAL REVENUES	<u>2,459,342</u>	<u>2,436,109</u>	<u>(23,233)</u>
EXPENDITURES:			
Current:			
General Government	100,269	89,170	11,099
Conservation of Natural Resources	46,197	32,986	13,211
Culture - Recreation	6,002	5,745	257
Economic Development and Assistance	12,066	7,749	4,317
Education	1,280,044	1,260,649	19,395
Health and Social Services	785,502	774,624	10,878
Public Safety	159,190	142,274	16,916
Regulation of Business and Professions	4,149	3,813	336
Transportation	714	421	293
Intergovernmental	106,307	104,485	1,822
Capital Projects	-	-	-
TOTAL EXPENDITURES	<u>2,500,440</u>	<u>2,421,916</u>	<u>78,524</u>
Excess of Revenues Over (Under) Expenditures	<u>(41,098)</u>	<u>14,193</u>	<u>55,291</u>
OTHER FINANCING SOURCES (USES):			
Operating Transfers In	53,959	53,959	-
Operating Transfers Out	(147,427)	(147,427)	-
Other	73	73	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>(93,395)</u>	<u>(93,395)</u>	<u>-</u>
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	<u>(134,493)</u>	<u>(79,202)</u>	<u>55,291</u>
FUND BALANCES, JULY 1	<u>313,238</u>	<u>313,238</u>	<u>-</u>
FUND BALANCES, JUNE 30	<u>\$ 178,745</u>	<u>\$ 234,036</u>	<u>\$ 55,291</u>

The accompanying notes are an integral part of the financial statements.

CASH RESERVE AND CASH FUNDS			CONSTRUCTION FUNDS			FEDERAL FUNDS		
BUDGET	ACTUAL	VARIANCE	BUDGET	ACTUAL	VARIANCE	BUDGET	ACTUAL	VARIANCE
\$ 129,983	\$ 129,983	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
217,257	217,257	-	-	-	-	1,573,968	1,573,968	-
251,403	251,403	-	-	-	-	15,709	15,709	-
138,518	138,518	-	109	109	-	16,768	16,768	-
737,161	737,161	-	109	109	-	1,606,445	1,606,445	-
52,471	31,943	20,528	-	-	-	4,200	2,496	1,704
92,477	42,164	50,313	-	-	-	65,683	42,313	23,370
32,380	15,761	16,619	-	-	-	1,499	1,495	4
37,860	20,324	17,536	-	-	-	75,611	54,268	21,343
319,427	181,469	137,958	23,353	12,553	10,800	427,096	356,227	70,869
136,959	76,466	60,493	-	-	-	1,137,722	1,088,131	49,591
31,101	21,419	9,682	-	-	-	43,134	34,974	8,160
152,211	75,020	77,191	-	-	-	1,222	1,017	205
595,236	505,547	89,689	-	-	-	-	-	-
34,412	30,333	4,079	-	-	-	-	-	-
26,121	8,697	17,424	68,120	44,401	23,719	8,900	4,782	4,118
1,510,655	1,009,143	501,512	91,473	56,954	34,519	1,765,067	1,585,703	179,364
(773,494)	(271,982)	501,512	(91,364)	(56,845)	34,519	(158,622)	20,742	179,364
772,539	772,539	-	55,241	55,241	-	1,117	1,117	-
(412,558)	(412,558)	-	(19)	(19)	-	(1,137)	(1,137)	-
2,413	2,413	-	-	-	-	192	192	-
362,394	362,394	-	55,222	55,222	-	172	172	-
(411,100)	90,412	501,512	(36,142)	(1,623)	34,519	(158,450)	20,914	179,364
708,507	708,507	-	2,606	2,606	-	6,399	6,399	-
\$ 297,407	\$ 798,919	\$ 501,512	\$ (33,536)	\$ 983	\$ 34,519	\$ (152,051)	\$ 27,313	\$ 179,364

This statement continued on next page.

State of Nebraska

**COMBINED STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (BUDGETARY BASIS)
GENERAL, CASH, CONSTRUCTION, FEDERAL
AND REVOLVING FUNDS (Continued)**

For the Year Ended June 30, 2001

(Dollars in Thousands)	REVOLVING FUNDS		
	BUDGET	ACTUAL	VARIANCE
REVENUES:			
Taxes	\$ -	\$ -	\$ -
Federal Grants and Contracts	308	308	-
Sales and Charges	326,116	326,116	-
Other	119,047	119,047	-
TOTAL REVENUES	<u>445,471</u>	<u>445,471</u>	<u>-</u>
EXPENDITURES:			
Current:			
General Government	186,070	142,798	43,272
Conservation of Natural Resources	-	-	-
Culture - Recreation	-	-	-
Economic Development and Assistance	1,528	391	1,137
Education	395,922	292,545	103,377
Health and Social Services	-	-	-
Public Safety	15,549	11,708	3,841
Regulation of Business and Professions	-	-	-
Transportation	-	-	-
Intergovernmental	-	-	-
Capital Projects	-	-	-
TOTAL EXPENDITURES	<u>599,069</u>	<u>447,442</u>	<u>151,627</u>
Excess of Revenues Over (Under) Expenditures	<u>(153,598)</u>	<u>(1,971)</u>	<u>151,627</u>
OTHER FINANCING SOURCES (USES):			
Operating Transfers In	5,503	5,503	-
Operating Transfers Out	(4,428)	(4,428)	-
Other	297	297	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>1,372</u>	<u>1,372</u>	<u>-</u>
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	<u>(152,226)</u>	<u>(599)</u>	<u>151,627</u>
FUND BALANCES, JULY 1	<u>120,496</u>	<u>120,496</u>	<u>-</u>
FUND BALANCES, JUNE 30	<u>\$ (31,730)</u>	<u>\$ 119,897</u>	<u>\$ 151,627</u>

The accompanying notes are an integral part of the financial statements.

State of Nebraska

COMBINED STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN RETAINED EARNINGS/FUND BALANCES – ALL PROPRIETARY FUND TYPES AND NONEXPENDABLE TRUST FUNDS

For the Year Ended June 30, 2001

(Dollars in Thousands)

	PROPRIETARY FUND TYPES		FIDUCIARY FUND TYPE	TOTALS (MEMORANDUM ONLY)
	ENTERPRISE	INTERNAL SERVICE	NONEXPENDABLE TRUST	
OPERATING REVENUES:				
Charges for Services	\$ 67,485	\$ 151,586	\$ -	\$ 219,071
Investment Income	-	-	(7,096)	(7,096)
Rents and Royalties	-	-	23,713	23,713
Other	-	1,080	1,084	2,164
TOTAL OPERATING REVENUES	67,485	152,666	17,701	237,852
OPERATING EXPENSES:				
Personal Services	1,209	34,310	1,326	36,845
Services and Supplies	15,844	94,943	1,886	112,673
Financial Assistance	-	-	1,503	1,503
Intergovernmental	-	-	30,632	30,632
Lottery Prizes	34,124	-	-	34,124
Insurance Claims	12,807	18,111	-	30,918
Depreciation	54	5,937	-	5,991
TOTAL OPERATING EXPENSES	64,038	153,301	35,347	252,686
Operating Income (Loss)	3,447	(635)	(17,646)	(14,834)
NONOPERATING REVENUES (EXPENSES):				
Investment Income	6,468	3,087	-	9,555
Gain (Loss) on Sale of Fixed Assets	-	(714)	-	(714)
Other	-	197	-	197
TOTAL NONOPERATING REVENUES (EXPENSES)	6,468	2,570	-	9,038
Income (Loss) Before Operating Transfers	9,915	1,935	(17,646)	(5,796)
OPERATING TRANSFERS:				
Operating Transfers In	-	-	5,440	5,440
Operating Transfers Out	(16,614)	-	(456)	(17,070)
TOTAL OPERATING TRANSFERS	(16,614)	-	4,984	(11,630)
Net Income (Loss)	(6,699)	1,935	(12,662)	(17,426)
RETAINED EARNINGS/FUND BALANCES, JULY 1	22,889	59,707	359,460	442,056
RETAINED EARNINGS/FUND BALANCES, JUNE 30	\$ 16,190	\$ 61,642	\$ 346,798	\$ 424,630

The accompanying notes are an integral part of the financial statements.

State of Nebraska

COMBINED STATEMENT OF CASH FLOWS **ALL PROPRIETARY FUND TYPES** **AND NONEXPENDABLE TRUST FUNDS**

For the Year Ended June 30, 2001

(Dollars in Thousands)

	PROPRIETARY FUND TYPES		FIDUCIARY FUND TYPE	TOTALS (MEMORANDUM ONLY)
	ENTERPRISE	INTERNAL SERVICE	NONEXPENDABLE TRUST	
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash Received from Customers	\$ 68,969	\$ 7,674	\$ 24,808	\$ 101,451
Cash Received from Interfund Charges	-	143,440	22	143,462
Cash Paid to Employees	(1,195)	(33,853)	(1,326)	(36,374)
Cash Paid to Suppliers	(16,049)	(83,059)	(1,766)	(100,874)
Cash Paid for Financial Assistance	-	-	(1,503)	(1,503)
Cash Paid for Intergovernmental	-	-	(30,632)	(30,632)
Cash Paid for Lottery Prizes	(35,228)	-	-	(35,228)
Cash Paid for Insurance Claims	(7,907)	(13,491)	-	(21,398)
Cash Paid for Interfund Services	(391)	(12,922)	(102)	(13,415)
NET CASH FLOWS FROM OPERATING ACTIVITIES	8,199	7,789	(10,499)	5,489
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Interfund Loans	-	(1,000)	-	(1,000)
Operating Transfers In	-	-	2,611	2,611
Operating Transfers Out	(18,939)	-	(460)	(19,399)
NET CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	(18,939)	(1,000)	2,151	(17,788)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Acquisition and Construction of Capital Assets	(116)	(7,729)	-	(7,845)
Proceeds from Sale of Fixed Assets	-	1,433	-	1,433
Principal Paid on Capital Leases	-	(3,335)	-	(3,335)
Interest Paid on Capital Leases	-	(248)	-	(248)
NET CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	(116)	(9,879)	-	(9,995)
CASH FLOWS FROM INVESTING ACTIVITIES:				
Purchase of Investment Securities	(233,359)	-	(900,064)	(1,133,423)
Proceeds from Sale of Investment Securities	233,618	-	898,475	1,132,093
Interest and Dividend Income	4,571	2,991	16,901	24,463
NET CASH FLOWS FROM INVESTING ACTIVITIES	4,830	2,991	15,312	23,133
NET INCREASE (DECREASE) IN CASH	(6,026)	(99)	6,964	839
CASH AND CASH EQUIVALENTS, JULY 1	18,936	51,954	19,571	90,461
CASH AND CASH EQUIVALENTS, JUNE 30	<u>\$ 12,910</u>	<u>\$ 51,855</u>	<u>\$ 26,535</u>	<u>\$ 91,300</u>

The accompanying notes are an integral part of the financial statements.

State of Nebraska

COMBINED STATEMENT OF CASH FLOWS **ALL PROPRIETARY FUND TYPES** **AND NONEXPENDABLE TRUST FUNDS (Continued)**

For the Year Ended June 30, 2001

(Dollars in Thousands)

(Dollars in Thousands)

	PROPRIETARY FUND TYPES		FIDUCIARY FUND TYPE	TOTALS (MEMORANDUM ONLY)
	ENTERPRISE	INTERNAL SERVICE	NONEXPENDABLE TRUST	
RECONCILIATION OF OPERATING INCOME TO NET CASH				
FLows FROM OPERATING ACTIVITIES:				
Operating Income (Loss)	\$ 3,447	\$ (635)	\$ (17,646)	\$ (14,834)
Adjustments to reconcile operating income to net cash flows from operating activities:				
Depreciation	54	5,937	-	5,991
Investment Income	-	-	7,096	7,096
Change in Assets and Liabilities:				
(Increase) Decrease in Accounts Receivable	554	77	23	654
(Increase) Decrease in Due from Other Funds	-	(1,584)	10	(1,574)
(Increase) Decrease in Inventories	-	(1,255)	-	(1,255)
(Increase) Decrease in Prepaid Expenses	18	78	-	96
(Increase) Decrease in Other Assets	(25)	-	-	(25)
Increase (Decrease) in Accounts Payable and Accrued Liabilities	(1,680)	271	7	(1,402)
Increase (Decrease) in Deposits	-	-	14	14
Increase (Decrease) in Due to Other Funds	1	158	(3)	156
Increase (Decrease) in Claims Payable	4,900	4,620	-	9,520
Increase (Decrease) in Deferred Revenue	930	122	-	1,052
Total Adjustments	4,752	8,424	7,147	20,323
NET CASH FLOWS FROM OPERATING ACTIVITIES	\$ 8,199	\$ 7,789	\$ (10,499)	\$ 5,489

NONCASH TRANSACTIONS (dollars in thousands):

Noncash transactions are investing and financing activities that affect assets and liabilities but do not result in cash receipts or payments.

The following noncash transactions occurred during the year:

Fixed Assets acquired through Capital Leases	\$ -	\$ 3,398	\$ -	\$ 3,398
Change in Fair Value of Investments	1,001	-	(65,390)	(64,389)
Total Noncash Transactions	\$ 1,001	\$ 3,398	\$ (65,390)	\$ (60,991)

RECONCILIATION OF CASH AND CASH EQUIVALENTS:

Total Trust and Agency	\$ 348,487
Less: Expendable Trust	219,407
Pension Trust	5,903
Agency	96,642
NONEXPENDABLE TRUST	\$ 26,535

State of Nebraska

COMBINING STATEMENT OF PLAN NET ASSETS

PENSION TRUST FUNDS

June 30, 2001

(Dollars in Thousands)

	STATE EMPLOYEES RETIREMENT	COUNTY EMPLOYEES RETIREMENT	SCHOOL RETIREMENT	JUDGES RETIREMENT	STATE PATROL RETIREMENT	TOTALS
ASSETS:						
Cash and Cash Equivalents	\$ 52	\$ 32	\$ 5,722	\$ 34	\$ 63	\$ 5,903
Investments:						
U.S. Government Securities	-	-	725,497	14,438	33,125	773,060
Corporate Bonds	-	-	621,087	12,361	28,357	661,805
Equity Securities	-	-	1,125,081	22,390	51,368	1,198,839
Foreign Government Securities	-	-	20,578	410	940	21,928
Municipal Bonds	-	-	9,031	180	412	9,623
Pooled Investment Contracts	745,689	174,347	-	-	-	920,036
Mutual Funds	-	-	1,722,228	34,274	78,633	1,835,135
Total Investments	745,689	174,347	4,223,502	84,053	192,835	5,420,426
Invested Securities Lending Collateral	1,084	252	250,588	4,987	11,441	268,352
Receivables:						
Contributions	3	420	10,606	49	-	11,078
Interest and Dividends	735	172	19,601	388	891	21,787
Total Receivables	738	592	30,207	437	891	32,865
Due from Other Funds	-	-	14,682	134	678	15,494
Property, Plant, and Equipment, net	-	-	792	11	11	814
TOTAL ASSETS	747,563	175,223	4,525,493	89,656	205,919	5,743,854
LIABILITIES:						
Accounts Payable and Accrued Liabilities	105	25	3,974	18	41	4,163
Due to Other Funds	2	-	22	-	-	24
Obligations under Securities Lending	1,084	252	250,588	4,987	11,441	268,352
Capital Lease Obligations	-	-	948	13	13	974
Accrued Compensated Absences	20	14	116	3	3	156
TOTAL LIABILITIES	1,211	291	255,648	5,021	11,498	273,669
FUND BALANCES RESERVED FOR						
PENSION BENEFITS (See Schedules						
of Funding Progress in Note 12)						
	\$ 746,352	\$ 174,932	\$ 4,269,845	\$ 84,635	\$ 194,421	\$ 5,470,185

The accompanying notes are an integral part of the financial statements.

State of Nebraska

COMBINING STATEMENT OF CHANGES IN PLAN NET ASSETS PENSION TRUST FUNDS

For the Year Ended June 30, 2001

(Dollars in Thousands)

	STATE EMPLOYEES RETIREMENT	COUNTY EMPLOYEES RETIREMENT	SCHOOL RETIREMENT	JUDGES RETIREMENT	STATE PATROL RETIREMENT	TOTALS
ADDITIONS:						
Contributions:						
Member Contributions	\$ 18,460	\$ 5,278	\$ 76,935	\$ 721	\$ 1,910	\$ 103,304
State Contributions	27,525	-	14,452	72	2,257	44,306
Political Subdivision Contributions	-	7,344	77,036	-	-	84,380
Court Fees	-	-	-	487	-	487
Total Contributions	45,985	12,622	168,423	1,280	4,167	232,477
Investment Income:						
Net Appreciation (Depreciation) in Fair Value of Investments	(6,574)	(1,219)	(302,384)	(6,105)	(13,966)	(330,248)
Interest and Dividend Income	-	-	123,459	2,498	5,715	131,672
Securities Lending Income	90	21	15,252	304	696	16,363
Total Investment Income	(6,484)	(1,198)	(163,673)	(3,303)	(7,555)	(182,213)
Investment Expenses	-	-	10,416	210	480	11,106
Securities Lending Expenses	85	20	13,845	276	632	14,858
Total Investment Expense	85	20	24,261	486	1,112	25,964
Net Investment Income	(6,569)	(1,218)	(187,934)	(3,789)	(8,667)	(208,177)
Other Additions	-	-	169	3	4	176
TOTAL ADDITIONS	39,416	11,404	(19,342)	(2,506)	(4,496)	24,476
DEDUCTIONS:						
Benefits	47,783	9,368	117,769	3,517	7,809	186,246
Refunds	-	-	13,163	32	405	13,600
Administrative Expenses	736	388	2,014	36	34	3,208
TOTAL DEDUCTIONS	48,519	9,756	132,946	3,585	8,248	203,054
Net Increase (Decrease)	(9,103)	1,648	(152,288)	(6,091)	(12,744)	(178,578)
FUND BALANCES RESERVED FOR PENSION BENEFITS:						
BEGINNING OF YEAR	755,455	173,284	4,422,133	90,726	207,165	5,648,763
END OF YEAR	\$ 746,352	\$ 174,932	\$ 4,269,845	\$ 84,635	\$ 194,421	\$ 5,470,185

The accompanying notes are an integral part of the financial statements.

State of Nebraska
COMBINING BALANCE SHEET
DISCRETELY PRESENTED COMPONENT UNITS
COLLEGE AND UNIVERSITY FUNDS

June 30, 2001

(Dollars in Thousands)

	UNIVERSITY OF NEBRASKA	STATE COLLEGES	TOTALS
ASSETS:			
Cash and Cash Equivalents	\$ 239,300	\$ 7,950	\$ 247,250
Cash on Deposit with Fiscal Agents	134,332	11,088	145,420
Investments	212,515	-	212,515
Investment in Joint Venture	123,745	-	123,745
Receivables, net of allowance			
Loans	34,622	2,628	37,250
Other	111,285	1,208	112,493
Due from Other Funds	7,536	99	7,635
Due from Primary Government	16,246	1,349	17,595
Inventories	9,300	79	9,379
Prepaid Expenses	3,083	146	3,229
Property, Plant, and Equipment	1,239,264	114,295	1,353,559
Other Assets	-	170	170
TOTAL ASSETS	\$ 2,131,228	\$ 139,012	\$ 2,270,240
LIABILITIES AND FUND EQUITY			
LIABILITIES:			
Accounts Payable and Accrued Liabilities	\$ 83,804	\$ 6,122	\$ 89,926
Deposits Held in Custody	1,532	354	1,886
Due to Other Funds	7,536	99	7,635
Bonds Payable	168,495	16,880	185,375
Capital Lease Obligations	21,889	76	21,965
Accrued Compensated Absences	33,568	-	33,568
Deferred Revenue	34,312	203	34,515
TOTAL LIABILITIES	351,136	23,734	374,870
FUND BALANCES:			
Unrestricted	171,233	3,572	174,805
Restricted	244,908	1,042	245,950
Federal Loan Programs Refundable	31,663	2,299	33,962
Quasi Endowment Designated	32,168	-	32,168
Trusteed Insurance Programs	12,816	-	12,816
Unexpended Plant Funds	62,989	3,154	66,143
Renewals and Replacements	47,960	-	47,960
Retirement of Indebtedness	44,056	7,973	52,029
Net Investment in Plant	1,132,299	97,238	1,229,537
TOTAL FUND BALANCES	1,780,092	115,278	1,895,370
TOTAL LIABILITIES AND FUND BALANCES	\$ 2,131,228	\$ 139,012	\$ 2,270,240

The accompanying notes are an integral part of the financial statements.

State of Nebraska

COMBINING STATEMENT OF CHANGES IN FUND BALANCES – DISCRETELY PRESENTED COMPONENT UNITS COLLEGE AND UNIVERSITY FUNDS

For the Year Ended June 30, 2001

(Dollars in Thousands)

	UNIVERSITY OF NEBRASKA	STATE COLLEGES	TOTALS
REVENUES AND OTHER ADDITIONS:			
Current Funds Revenues	\$ 498,516	\$ 27,027	\$ 525,543
Federal Grants and Contracts – Restricted	155,680	9,367	165,047
State Grants and Contracts – Restricted	13,847	292	14,139
Local Grants and Contracts – Restricted	1,943	2,003	3,946
Private Gifts, Grants and Contracts – Restricted	142,862	-	142,862
Investment Income – Restricted	16,163	895	17,058
Increase (Decrease) in Fair Value of Investments	(13,068)	-	(13,068)
Interest on Loans Receivable	665	59	724
U.S. Government Advances	682	-	682
Expended for Plant Facilities	108,539	10,140	118,679
Retirement of Indebtedness	9,215	1,065	10,280
Retirement of Capitalized Lease Obligations	3,415	-	3,415
Proceeds from Revenue Bonds, net of discount	36,953	-	36,953
Other Sources	254	380	634
TOTAL REVENUES AND OTHER ADDITIONS	975,666	51,228	1,026,894
EXPENDITURES AND OTHER DEDUCTIONS:			
Educational and General Expenditures	976,403	62,490	1,038,893
Auxiliary Operations Expenditures	144,021	8,135	152,156
Indirect Costs Recovered	19,292	46	19,338
Loan Cancellations, Write-offs, and Allowances	459	93	552
Administrative and Collection Costs	1,543	50	1,593
Expended for Plant Facilities	95,067	9,284	104,351
Increase in Capital Lease Obligations	11,993	-	11,993
Retirement of Indebtedness	9,215	1,065	10,280
Interest on Indebtedness	8,442	847	9,289
Disposals and Other Reductions of Plant Facilities	32,000	1,226	33,226
Bond and Lease Financial Expenditures	-	23	23
Issuance of Bonds Payable, net of discount	27,530	-	27,530
Other Deductions	472	-	472
TOTAL EXPENDITURES AND OTHER DEDUCTIONS	1,326,437	83,259	1,409,696
TRANSFERS:			
Operating Transfers from Primary Government	405,175	37,001	442,176
TOTAL TRANSFERS	405,175	37,001	442,176
Net Increase for the Year	54,404	4,970	59,374
FUND BALANCES, JULY 1	1,725,688	110,308	1,835,996
FUND BALANCES, JUNE 30	\$ 1,780,092	\$ 115,278	\$ 1,895,370

The accompanying notes are an integral part of the financial statements.

State of Nebraska

COMBINING STATEMENT OF CURRENT FUNDS REVENUES, EXPENDITURES AND OTHER CHANGES DISCRETELY PRESENTED COMPONENT UNITS COLLEGE AND UNIVERSITY FUNDS

For the Year Ended June 30, 2001

(Dollars in Thousands)

	UNIVERSITY OF NEBRASKA	STATE COLLEGES	TOTALS
REVENUES:			
Educational and General:			
Tuition and Fees	\$ 152,704	\$ 17,076	\$ 169,780
Federal Appropriations	6,201	-	6,201
Federal Grants and Contracts	155,229	9,525	164,754
State Grants and Contracts	13,562	390	13,952
Local Grants and Contracts	4,685	1,725	6,410
Private Gifts, Grants and Contracts	108,294	-	108,294
Endowment Income	4,400	-	4,400
Sales and Services of Educational Activities	40,629	-	40,629
Sales and Services of Health Care Entities	76,342	-	76,342
Sales and Services of Auxiliary Operations	131,412	9,470	140,882
Additions to Trusteed Insurance Funds	51,436	-	51,436
Other	19,039	506	19,545
TOTAL REVENUES	763,933	38,692	802,625
EXPENDITURES AND MANDATORY TRANSFERS:			
Educational and General:			
Instruction	298,907	23,050	321,957
Research	147,318	151	147,469
Public Services	72,533	647	73,180
Academic Support	74,800	6,044	80,844
Student Services	20,472	5,411	25,883
Institutional Support	61,243	10,254	71,497
Operation and Maintenance of Plant	51,055	5,502	56,557
Health Care Entities	85,229	-	85,229
Scholarships and Fellowships	109,659	11,441	121,100
Claims Paid From Trusteed Insurance Funds	55,187	-	55,187
TOTAL EDUCATIONAL AND GENERAL EXPENDITURES	976,403	62,500	1,038,903
Auxiliary Operations	144,021	8,135	152,156
Mandatory Transfers, net	8,622	1,380	10,002
TOTAL EXPENDITURES AND MANDATORY TRANSFERS	1,129,046	72,015	1,201,061
OTHER TRANSFERS AND ADDITIONS (DEDUCTIONS):			
Excess of Restricted Receipts Over			
Transfers to Revenue	1,312	(91)	1,221
Operating Transfers from Primary Government	392,536	32,835	425,371
Nonmandatory Transfers, net	(12,342)	(400)	(12,742)
TOTAL OTHER TRANSFERS AND ADDITIONS (DEDUCTIONS)	381,506	32,344	413,850
NET INCREASE (DECREASE) IN FUND BALANCES	\$ 16,393	\$ (979)	\$ 15,414

The accompanying notes are an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended June 30, 2001

1. Summary of Significant Accounting Policies

A. Basis of Presentation. The accompanying general purpose financial statements of the State of Nebraska (the "State") have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The financial statements of the Colleges and Universities, which are included as discretely presented component units, are based on the American Institute of Certified Public Accountants (AICPA) College Audit Guide model.

The general purpose financial statements have been prepared primarily from accounts maintained by the State Accounting Administrator of the Department of Administrative Services. Additional data has been derived from audited financial statements of certain entities and from reports prescribed by the Accounting Administrator and prepared by various State agencies and departments based on independent or subsidiary accounting systems maintained by them.

B. Reporting Entity. In determining its financial reporting entity, the State has considered all potential component units for which it is financially accountable, and other organizations which are fiscally dependent on the State, or the significance of their relationship with the State are such that exclusion would be misleading or incomplete. The GASB has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the State to impose its will on that organization or (2) the potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the State.

As required by GAAP, these financial statements present the State of Nebraska and its component units. The component units are included in the State's reporting entity because of the significance of their operational or financial relationships with the State. Complete financial statements of the individual component units that issue separate financial statements, as noted below, can be obtained from their respective administrative offices.

Blended Component Units. The following component units are entities that are legally separate from the State, but are so intertwined with the State that they are, in substance, the same as the State.

They are reported as part of the State and blended into the appropriate funds.

NETC Leasing Corporation. The NETC Leasing Corporation is a nonprofit corporation formed by the State in 1999 to acquire property to be leased to and purchased by the Nebraska Educational Telecommunications Commission (NETC), a State agency. The members of the Board of Commissioners of the NETC are appointed by the Governor and appoint and elect the five members of the Board of Directors of the NETC Leasing Corporation. Even though it is legally separate, the NETC Leasing Corporation is reported as if it were part of the State because it provides services entirely to the State. It is reflected in a Special Revenue Fund and the Account Groups.

Nebraska State Building Corporation. The Nebraska State Building Corporation (NSBC) is a nonprofit corporation formed by the State in 1987 to finance the acquisition of property to be used by the State. Even though it is legally separate, the NSBC is reported as if it were part of the State because it provides services almost entirely to the State. It is reflected in a Special Revenue Fund and the Account Groups.

Discretely Presented Component Units. The following component units are entities that are legally separate from the State, but are financially accountable to the State, or their relationships with the State are such that their exclusion would cause the State's financial statements to be misleading or incomplete. The component units are reported in a separate column to emphasize that they are legally separate from the State and governed by separate boards.

Nebraska State Colleges. The Board of Trustees of the Nebraska State Colleges governs Chadron State College, Peru State College and Wayne State College. The Board of Trustees is also the Board of Directors of the Nebraska State Colleges Facilities Corporation, a nonprofit corporation incorporated in 1983 to finance the repair or construction of buildings or the acquisition of equipment for use by the State Colleges. The Board of Trustees consists of the Commissioner of Education and six members appointed by the Governor. Audit reports have been issued under separate cover.

University of Nebraska. The University of Nebraska consists of the following campuses: University of Nebraska - Lincoln, University of Nebraska at Omaha, University of Nebraska at Kearney, and University of Nebraska Medical Center. The University of Nebraska is governed by

an elected eight-member Board of Regents. The Board of Regents is also the Board of Directors of the University of Nebraska Facilities Corporation, a nonprofit corporation organized by the Board of Regents in 1930 to finance buildings and hold them in trust for the University of Nebraska. The University of Nebraska is included as a component unit because it is fiscally dependant on the State. Audit reports have been issued under separate cover.

The colleges and universities are funded chiefly through State appropriations, tuition, federal grants, private donations and grants, and auxiliary operations.

Related Organizations. The State's officials are responsible for appointing members of boards of other organizations, but the State's accountability for these organizations does not extend beyond making these appointments. The Governor appoints the boards of the following organizations: Nebraska Educational Facilities Authority, Nebraska Investment Finance Authority, Research and Development Authority, and Wyuka Cemetery.

C. Fund Structure. The State's accounts are maintained in accordance with the principles of fund accounting to ensure compliance with limitations and restrictions placed on the use of resources available to it. Under fund accounting, individual funds are established for the purpose of carrying on activities or attaining objectives in accordance with specific regulations, restrictions, or limitations. Each individual fund is a self-balancing set of accounts recording cash and other financial resources, together with liabilities and residual equities or balances, and changes therein. In the general purpose financial statements, however, funds that have similar characteristics have been combined into generic fund types as required by GAAP. These generic fund types differ from the State's budgetary funds that are described in Note 2. A brief description of these fund types and account groups used by the State and the categories into which they are grouped follows:

Governmental Funds. Transactions related to resources received and used for those services traditionally provided by a state government. Governmental funds include:

General Fund. Reflects transactions related to resources received and used for those services traditionally provided by a state government, which are not accounted for in any other fund.

Special Revenue Funds. Reflect transactions related to resources received and used for restricted or specific purposes.

Capital Projects Fund. Reflects transactions related to resources received and used for the

acquisition, construction, or improvement of permanent facilities.

Proprietary Funds. Transactions related to activities similar to those found in the private sector. Proprietary funds include:

Enterprise Funds. Reflect transactions used to account for those operations that are financed and operated in a manner similar to private business or where the governing body has decided that the determination of revenues earned, expenses incurred and/or net income is necessary for management accountability.

Internal Service Funds. Reflect transactions used to account for centrally operated services and centrally procured commodities that are provided to other State departments and agencies and other governmental units of the State. The services and commodities are charged to recipient agencies on a cost reimbursement basis.

Fiduciary Funds. Transactions related to assets held by the State in a trust or agency capacity. The State's fiduciary funds include Pension Trust, Nonexpendable Trust, Expendable Trust, and Agency funds as follows:

Pension Trust Funds. Reflect the transactions, assets, liabilities, and fund equities of State retirement systems.

Nonexpendable Trust Funds. Reflect the transactions, assets, liabilities, and fund equity of trusts whose principal must be maintained intact and whose income is used to fund the activity.

Expendable Trust Funds. Reflect the transactions, assets, liabilities, and fund equity of trusts whose principal and income may be used to fund the activity.

Agency Funds. Reflect amounts held by the State for others.

Account Groups. The Account Groups are maintained to account for general fixed assets and long-term debt not accounted for in other funds of the State.

General Fixed Assets Account Group. Used to account for general fixed assets of the State exclusive of assets held by the proprietary funds and component units.

General Long-Term Debt Account Group. Used to account for long-term obligations of the State including bonds payable, obligations under lease purchase agreements, claims, obligations under other financing arrangements, and compensated absences exclusive of liabilities of

the proprietary funds, certain trust funds, and component units.

College and University Funds. The Component Units include College and University Funds that are legally separate from the State but are considered part of the reporting entity. The College and University Funds reflect transactions related to resources received and used in the operation of the State's institutions of higher education and related medical teaching hospital. The College and University Funds include:

Current Funds, which account for unrestricted funds over which the governing boards retain full control in achieving the institutions' purposes and restricted funds that may be utilized in accordance with externally restricted purposes.

Loan, Endowment, and Agency funds which account for assets in which the colleges and universities act in a fiduciary capacity.

Plant Funds that account for institutional property acquisition, renewal, replacement, and debt service.

D. Basis of Accounting. The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds and expendable trust funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

All proprietary funds, nonexpendable trust funds, and pension trust funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Fund equity (i.e., net total assets) is segregated into contributed capital and retained earnings components. Proprietary fund-type operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in net total assets.

All governmental fund types, expendable trust funds, and agency funds are accounted for on the modified accrual basis of accounting. Revenues and related receivables are recorded in the accounting period that they become both measurable and available, i.e., earned and collected within the next 12 months. Major revenues that are determined to be susceptible to accrual include sales taxes, income taxes, other taxpayer-assessed tax revenues, unemployment compensation taxes, federal grants and contracts,

charges for services, and investment income. All other revenue items, including estate taxes, are considered to be measurable and available when cash is received by the State. Receivables not expected to be collected in the next 12 months are offset by deferred revenue. Expenditures are recorded when the related fund liability is incurred. Exceptions to the modified accrual expenditure recognition criteria include principal and interest on general long-term indebtedness and expenditures related to compensated absences, which are recognized when payment is due.

Proprietary fund types, pension trust funds, and nonexpendable trust funds utilize the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. Lottery Fund instant ticket revenue is recognized when tickets are sold to the retailer and on-line revenue is recognized after the drawing is completed for the respective wagers. Lottery Fund prize expense is recognized in the same period that ticket revenue is recognized based on the predetermined prize structure for each game.

In reporting the financial activity of its proprietary funds, the State applies all applicable GASB pronouncements as well as the following pronouncements issued on or before November 30, 1989, unless these pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee on Accounting Procedure.

The College and University Funds are reported on the accrual basis of accounting except that depreciation related to plant fund assets is not recorded and revenues and expenditures of an academic term encompassing more than one fiscal year are reported solely in the fiscal year in which the program is predominately conducted.

E. Cash and Cash Equivalents. In addition to bank accounts and petty cash, this classification includes all short-term investments such as certificates of deposit, repurchase agreements, and U.S. treasury bills having original maturities (remaining time to maturity at acquisition) of three months or less. These investments are stated at cost, which at June 30, 2001, approximated market. Banks pledge collateral, as required by law, to guarantee State funds held in time and demand deposits.

F. Cash on Deposit with Fiscal Agents. Assets held by the trustees for the NETC Leasing Corporation, the Nebraska State Building Corporation, the State Revolving Fund, and the Master Lease Purchase Program are reflected as cash on deposit with fiscal agents. Proceeds of College and University Revenue

Bond issuances held in interest bearing accounts, awaiting disbursement, are also recorded as cash on deposit with fiscal agents in the Component Units column.

G. Investments. Investments as reported on the combined balance sheet include long-term investments. Law or legal instruments may restrict these investments. All investments of the State and its component units are stated at fair value based on quoted market prices.

H. Receivables. Receivables are stated net of estimated allowances for uncollectible amounts, which are determined based upon past collection experience and current economic conditions.

I. Inventories. Inventories of materials and supplies are determined by both physical counts and through perpetual inventory systems. Governmental Fund inventories are recorded as expenditures when purchased, with the exception of the Highway Fund and Health and Social Services Special Revenue Fund. The Highway Fund and the Health and Social Services Fund inventories are valued at average cost using the consumption method. Proprietary Funds' and College and University Funds' valuation method is primarily at the lower of cost (first-in, first-out) or market.

Food stamps and commodities on hand at June 30, 2001 are reflected as inventories, offset by a like amount of deferred revenue, in the Federal Special Revenue Fund. Food stamp inventory is reported at face value and commodities are reported at fair values established by the federal government at the date received. The amounts of food stamps and commodities distributed during the year, which approximated \$61,847,000 and \$7,876,000, respectively, are reflected as revenues and expenditures of the Special Revenue Funds.

J. Fixed Assets. General fixed assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisition and construction are reflected as expenditures in governmental funds, and the related assets are reported in the general fixed assets account group. All fixed assets are valued at cost where historical records are available and at estimated historical cost where no historical records exist. Donated fixed assets are valued at their estimated fair market value on the date received.

At June 30, 2001, buildings were valued at \$304,875,000. Of this total, \$194,121,000 was valued at estimated historical cost and \$110,754,000 was valued at actual historical cost. The estimate of historical cost is based on appraised values as of October 31, 1986, indexed to date of acquisition. All buildings acquired after October 31, 1986, have been valued at historical cost.

Fixed assets do not include infrastructure such as highways, bridges and lighting systems, as these assets are immovable and of value only to the government. Art objects, collections of historical material and other artifacts, although considered valuable are not assigned a value for financial statement purposes. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Generally, equipment that has a cost in excess of \$5,000 at the date of acquisition and has an expected useful life of two or more years is capitalized. Substantially all initial building costs, land and land improvements costing in excess of \$100,000 are capitalized. Building improvements and renovations in excess of \$100,000 are capitalized if a substantial portion of the life of the asset has expired and if the useful life of the asset has been extended as a result of the renovation or improvement.

Assets in the General Fixed Assets Account Group and the College and University Funds are not depreciated. Depreciation of machinery, equipment and buildings in the proprietary fund types is recorded using the straight-line method.

In proprietary funds the following estimated useful lives are used to compute depreciation:

Buildings	40 years
Equipment	3-10 years

K. Compensated Employee Absences. All permanent employees earn sick and annual leave. Temporary and intermittent employees and Board and Commission members are not eligible for paid leave.

State employees accrue vested annual leave at a variable rate based on years of service. Generally, accrued annual leave cannot exceed 35 days at the end of a calendar year. It is the State's policy to liquidate unpaid annual leave at June 30 from future sources rather than currently available expendable resources. Accordingly, governmental and expendable trust funds recognize annual leave when it is paid. A long-term liability of \$46,105,000 for the accumulated annual leave in governmental and expendable trust funds has been recorded in the General Long-Term Debt Account Group as of June 30, 2001.

Employees accrue sick leave at a variable rate based on years of service. In general, accrued sick leave cannot exceed 180 days. Sick leave is not vested except upon death or upon reaching the retirement eligibility age of 55, at which time, the State is liable for 25 percent of the employee's accumulated sick leave. It is the State's policy to liquidate vested sick leave at June 30 from future resources rather than currently available expendable resources. Accordingly, governmental and expendable trust funds

recognize sick leave when it is paid. A long-term liability of \$38,638,000 for accumulated sick leave expected to be paid as termination payments in governmental and expendable trust funds has been recorded in the General Long-Term Debt Account Group as of June 30, 2001.

Some State agencies permit employees to accumulate compensatory leave rather than paying overtime. It is the State's policy to liquidate compensatory leave at June 30 from future resources rather than currently available expendable resources. Accordingly, governmental and expendable trust funds recognize compensatory leave when it is paid. A long-term liability of \$3,434,000 for the vested portion of the accumulated compensatory leave in governmental and expendable trust funds has been recorded in the General Long-Term Debt Account Group as of June 30, 2001.

All proprietary and similar trust funds recognize the expense and accrued liability when vacation and compensatory leave is earned or when sick leave is expected to be paid as termination payments.

The College and University Funds recognize the expense and accrued liability when sick and vacation leave is earned.

L. Fund Equity Reserves. Reservations of fund balance are established to identify the existence of assets that are not available for subsequent year appropriations (i.e., prepaid items and inventories) or have been legally segregated for specific purposes. Assets of legally restricted budgetary funds are an example of this type of reservation. Reservations of fund balance are also established for assets that are not current in nature, such as long-term loans receivable. Reservations of retained earnings are established for assets that are legally restricted for specific purposes and therefore not available to fund current operations. The Enterprise Fund has reserved retained earnings for long-term deposits with the Multi-State Lottery.

M. Interfund Transactions. Quasi-external transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

All other interfund transactions are reported as transfers. Nonrecurring or non-routine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

N. Totals - Memorandum Only. The "Totals - Memorandum Only" column represents an aggregation of

individual account balances. The column is presented for overview informational purposes and does not present consolidated financial information since interfund balances and transactions have not been eliminated.

O. Use of Estimates. The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at fiscal year-end and revenues and expenditures during the reporting period. Actual results could differ from those estimates.

2. Budgetary Process

The State's biennial budget cycle ends on June 30 of the odd-numbered years. By September 15, prior to a biennium, all State agencies, including colleges and universities, must submit their budget requests for the biennium beginning the following July 1. The requests are submitted on forms that show estimated funding requirements by programs, subprograms, and activities. The Governor reviews the agency requests, establishes priorities, and presents the Legislature with one or more pieces of legislation covering the biennium. The Legislature holds hearings on the Governor's proposed budget, adopts changes and presents final legislation to the Governor. The Governor can either: a) approve the appropriation bill in its entirety, b) veto the bill, or c) line item veto certain sections of the bill. Any vetoed bill or line item can be overridden by a three-fifths majority of the Legislature.

The approved appropriations set spending limits by fund type for programs within each agency. These limits may include up to five budgetary fund types. Thus, the legal level of control is fund type within program within agency. The central accounting system maintains this control. A separate publication titled "Annual Budgetary Report" shows the detail of this legal level of control. This publication is available from the State Accounting Division of the Department of Administrative Services.

Appropriations are made for each fiscal year of the biennium; balances at the end of the first fiscal year are carried over into the second fiscal year, unless directed otherwise by the Legislature. For most appropriations, balances lapse at the end of the biennium.

The budgetary fund types used by the State differ from the generic fund types presented in the general purpose financial statements. The budgetary funds, which are listed below, are generally segregated by revenue sources. Of these seven fund types, only the first five are subject to the spending limits set by the appropriations bills.

General Fund. To account for activities funded by general tax dollars, primarily sales and income taxes.

Cash Reserve and Cash Funds. To account for financial resources used as a reserve for the General Fund if the General Fund balance should become inadequate to meet current obligations, to account for the financing of goods or services provided by a State agency to individuals or entities outside State government on a cost-reimbursement basis, and to account for the revenues and expenditures related to highway construction.

Construction Funds. To account for financial resources to be used for the acquisition or construction of major capital facilities.

Federal Funds. To account for the financial resources related to the receipt and disbursement of funds generated from the federal government as a result of grants and contracts except for federal highway monies accounted for in the Cash Funds.

Revolving Funds. To account for the financing of goods or services provided by one State agency to another State agency on a cost-reimbursement basis.

Trust Funds. To account for assets held in a trustee capacity.

Distributive Funds. To account for assets held as an agent for individuals, private organizations, and other governments and/or other funds.

The accompanying general purpose financial statements were prepared by converting budgetary fund data into the fund format required by GAAP. The Cash Basis of accounting is used for all budgetary fund types.

All State budgetary expenditures for the general, cash, construction, federal and revolving fund types are made pursuant to appropriations that may be amended by the Legislature, upon approval by the Governor. State agencies may allocate appropriations between object of expenditure accounts, except that personal service expenditures that exceed limitations contained in the appropriations bill require Legislative amendment. Any changes in appropriations are made through an annual deficit bill or other legislation. Appropriations from the federal fund type are considered to be estimated and the Legislature has approved an administrative procedure for changing them. During fiscal year 2001, the

Legislature passed a deficit appropriation bill that increased the allowable expenditure level in several of the programs.

The State utilizes encumbrance accounting to account for purchase orders, contracts, and other expenditure commitments. However, State law does not require that all encumbrances be recorded in the State's centralized accounting system and as a result, the encumbrances that were recorded in the accounting system have not been included in the accompanying general purpose financial statements except for the impact as described below.

Under State budgetary procedures, appropriation balances related to outstanding encumbrances at the end of a biennium are lapsed and reappropriated in the first year of the next biennium. In addition, the State Budget Administrator is required by law to review all encumbrances at the end of each biennium. The effect of the State's current procedures is to include in the budget columns of the Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual the current year's appropriations plus the amounts reappropriated for encumbrances outstanding at the end of the prior biennium. This procedure indicates the State's intention to honor the encumbrances at the end of a biennium. The expenditure columns of the Statement include cash payments related to the appropriated and reappropriated amounts. For the year ended June 30, 2001, there were no budgetary funds in which expenditures exceeded appropriations.

Revenues are not budgeted for any funds except for the General Fund tax revenues. For financial reporting purposes, the budget columns for revenues on the Combined Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual are reflected as being equal to actual revenues for all other revenue categories.

There are no annual budgets prepared for Trust and Distributive Funds and as a result, no budgetary comparisons are presented.

A reconciliation of the budgetary versus GAAP fund equities as of June 30, 2001, follows:

GENERAL PURPOSE FINANCIAL STATEMENT FUND EQUITIES

(Dollars in Thousands)	BUDGETARY FUND EQUITIES TOTAL	PRIMARY GOVERNMENT						COMPONENT UNITS
		GENERAL	SPECIAL REVENUE	CAPITAL PROJECTS	ENTERPRISE	INTERNAL SERVICE	TRUST AND AGENCY	COLLEGES AND UNIVERSITIES
PERSPECTIVE DIFFERENCES:								
Classification of budgetary fund equities into Financial Statement fund structure:								
General	\$ 234,036	\$ 234,036	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Cash	798,919	172,100	499,844	22,355	1,265	3,429	1,038	98,888
Construction	983	-	-	275	-	-	-	708
Federal	27,313	-	29,190	653	-	-	-	(2,530)
Revolving	119,897	-	3,735	-	-	34,995	-	81,167
Budgetary fund equities classified into general purpose financial statement fund structure	\$ 1,181,148	406,136	532,769	23,283	1,265	38,424	1,038	178,233
BASIS DIFFERENCES:								
Record amount due Colleges and Universities		(17,595)	-	-	-	-	-	17,595
Record fixed assets		-	-	-	154	24,608	-	1,353,559
Record taxes receivable		218,876	40,215	-	-	-	-	-
Record tax refund liability		(245,511)	(5,707)	-	-	-	-	-
Record amount due pensions		(14,872)	-	-	-	-	-	-
Record claims payable		(71,298)	(80,316)	-	-	(39,031)	-	-
Record capitalized lease obligations		-	-	-	-	(6,031)	-	(21,965)
Record other net accrued receivables, liabilities and inventories		(75,888)	278,931	(5,702)	-	34,493	-	254,756
Record deferred federal revenue		-	(19,863)	-	-	-	-	-
Other		-	1,247	-	-	-	-	-
ENTITY DIFFERENCES:								
Record funds not budgeted		-	262,662	-	14,771	11,288	5,864,012	113,192
Record entities not included in the accounting system		-	23,380	-	-	-	288,314	-
GAAP fund equities, June 30, 2001		\$ 199,848	\$ 1,033,318	\$ 17,581	\$ 16,190	\$ 63,751	\$ 6,153,364	\$ 1,895,370

3. Cash and Cash Equivalents and Investments

Cash and Cash Equivalents. "Cash and Cash Equivalents" as reported on the combined balance sheet are under the control of the State Treasurer or other administrative bodies as determined by law. All cash deposited with the State Treasurer is initially maintained in a pooled cash account. On a daily basis, the State Treasurer invests cash not needed for current operations with the State's Investment Council that maintains a short-term investment pool for such investments. Interest earned on these investments is allocated to funds based on their percentage of the investment pool.

Investments. "Investments" as reported on the combined balance sheet include long-term investments. "Investments" are under the control of the State Treasurer or other administrative bodies as determined by law.

4. Deposits and Investments Portfolio

Listed below is a summary of the deposit and investment portfolio that comprises the Cash and Cash Equivalents and Investments on the June 30, 2001, combined balance sheet. All securities purchased or held must either be in the custody of the State or deposited with an agent in the State's name.

Deposits. At June 30, 2001, the carrying amounts of the Primary Government's deposits were \$90,341,000 and the bank balances were \$156,738,000. \$142,326,000 of the bank balance was covered by federal depository insurance or by collateral held by the State's agent in the State's name and \$14,412,000 was not collateralized.

State Statutes require that the aggregate amount of collateral securities deposited by a bank with the State Treasurer shall be at least one hundred two percent of the amount of public funds deposited in that bank, less

State of Nebraska

the amount insured by the Federal Deposit Insurance Corporation. During the year the amount of public funds deposited with a bank occasionally exceeded the amount of collateral required by statute. The State Treasurer had compensating balance agreements with various banks totaling \$21,187,000 at June 30, 2001.

At June 30, 2001, the carrying amounts of the Component Units' deposits were \$7,982,000 and the bank balances were \$9,463,000. Of the bank balances, \$1,833,000 was covered by federal depository insurance or by collateral held by the Component Units' agent in the Component Units' name, \$1,081,000 was collateralized with securities held by the pledging financial institution's trust department or agent but not in the Component Units' name and \$6,549,000 was not collateralized.

Investments. State Statute Section 72-1246 authorizes the State Investment Officer to invest the State's funds

in accordance with the prudent person rule. The State Investment Officer may not buy on margin, buy call options, or buy put options. Certain State entities are also allowed by statute to invest in real estate and other investments.

The State's investments are categorized to give an indication of the level of custodial risk assumed by the State at year-end. Category 1 includes investments that are insured or registered or for which the securities are held by the State or its agent in the State's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the State's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty or by its trust department or agent but not in the State's name.

The Pension Trust Funds own approximately 61 percent of the investments that are in Category 1.

INVESTMENTS - PRIMARY GOVERNMENT AT JUNE 30, 2001

(Dollars in Thousands)	CATEGORY			TOTAL FAIR VALUE
	1	2	3	
U.S. Government Securities	\$ 1,298,981	\$ 1,371	\$ -	\$ 1,300,352
Corporate Bonds	1,226,626	-	-	1,226,626
Equity Securities				
Not on Securities Loan	1,150,349	-	-	1,150,349
On Securities Loan	2,138			2,138
Commercial Paper	251,759	-	-	251,759
Foreign Government Securities	23,717	-	-	23,717
Municipal Bonds	10,563	-	-	10,563
	<u>\$ 3,971,579</u>	<u>\$ 1,371</u>	<u>\$ -</u>	3,972,950
UNCATEGORIZED:				
Pooled Investment Contracts				1,038,260
Investment in U.S. Treasury				
Investment Pool				165,288
Investments held by Broker-Dealers				
Under Securities Loans				
U.S. Government Securities				343,401
Corporate Bonds				37,807
Equity Securities				175,744
Securities Lending Short-term Collateral				
Investment Pool				574,054
Mutual Funds				1,965,373
Less: Component Unit Investment				
in State Investment Pool				(239,269)
Total Investments				<u>\$ 8,033,608</u>

State of Nebraska

A reconciliation of deposits and investments for the Primary Government to the Combined Balance Sheet at June 30, 2001, is as follows (dollars in thousands):

Disclosure Regarding Deposits and Investments:

Total Investments	\$ 8,033,608
Carrying amount of Deposits	90,341
Total	<u>\$ 8,123,949</u>

Combined Balance Sheet:

Cash and Cash Equivalents	\$ 819,695
Cash on Deposit with Fiscal Agents	28,132
Investments	6,702,068
Invested Securities Lending Collateral	574,054
Total	<u>\$ 8,123,949</u>

Securities Lending Transactions. State Statute Section 72-1247, authorizes the State Investment Officer to participate in securities lending transactions, where securities are loaned to broker-dealers and banks with a simultaneous agreement to return the collateral for the same securities in the future. The State's custodial bank administers the securities lending program and receives cash, United States government or government agency obligations, or convertible bonds at least equal in value to the market value of the loaned securities as collateral for securities of the type on loan at year-end. Securities lent at year-end for cash collateral are presented as unclassified in the preceding schedule of custodial risk; securities lent for securities collateral are classified according to the category for the collateral. At year-end, the State had no credit risk exposure to borrowers because the amounts the State owes the borrowers exceed the amounts the borrowers owe the State. The collateral securities can not be pledged or sold by the State unless the borrower defaults. There are no restrictions on the amount of securities that can be loaned, and there were no losses resulting from borrower default during the year.

Either the State or the borrowers can terminate all securities loans on demand. Cash collateral is invested in one of the lending agent's short-term investment pools that had average durations of 68 and 75 days. Because loans were terminable at will, their duration did not generally match the duration of the investments made with cash collateral. There is no loss indemnification provided to the State by the contract with the custodian.

Derivative Financial Instruments. Derivative instruments are financial contracts whose underlying values depend on the values of one or more underlying assets, reference rates or financial indices. Futures represent commitments to purchase or sell securities or money market instruments at a future date and at a specific price. The State invests in futures contracts related to securities of the U.S. Government or Government Agency obligations, which are traded on organized exchanges, thereby minimizing the State's credit risk. The net change in the futures contract value is settled daily in cash with the exchanges. At June 30, 2001, the State held \$513,905,000 of futures contracts.

A reconciliation of deposits and investments for the Component Units to the Combined Balance Sheet at June 30, 2001, is as follows (dollars in thousands):

Disclosure Regarding Deposits and Investments:

Total Investments	\$ 597,203
Carrying amount of Deposits	7,982
Total	<u>\$ 605,185</u>

Combined Balance Sheet:

Cash and Cash Equivalents	\$ 247,250
Cash on Deposit with Fiscal Agents	145,420
Investments	212,515
Total	<u>\$ 605,185</u>

INVESTMENTS - COMPONENT UNITS AT JUNE 30, 2001

(Dollars in Thousands)

	CATEGORY			TOTAL FAIR VALUE
	1	2	3	
U.S. Government Securities	\$ -	\$ -	\$ 54,417	\$ 54,417
Corporate Bonds	-	-	14,401	14,401
Equity Securities	-	-	88,796	88,796
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 157,614</u>	157,614
UNCATEGORIZED:				
Mutual Funds				199,730
Real Estate				590
Investment in State Investment Pool				239,269
Total Investments				<u>\$ 597,203</u>

5. Due To/From Other Funds

Due To/From Other Funds at June 30, 2001, consists of the following (dollars in thousands):

	DUE FROM OTHER FUNDS	DUE TO OTHER FUNDS
General	\$ 3,789	\$ 49,425
Special Revenue:		
Licensing and Regulation	162	246
Highway Fund	192	1,691
Economic Development	561	24
Airport Development	61	9
Game and Parks	418	100
Energy Conservation	-	20
Federal Fund	35	4,894
Health and Social Services	217	182
Other Special Revenue	3,219	2,024
	<u>4,865</u>	<u>9,190</u>
Capital Projects	<u>1,501</u>	<u>19</u>
Enterprise:		
Lottery	-	693
Excess Liability	-	9
	<u>-</u>	<u>702</u>
Internal Service:		
Correctional Services	836	3
Buildings and Grounds	229	110
General Services	1,987	602
Communications	1,551	31
Information Management Services	5,476	21
Transportation Services	871	38
Risk Management	27,788	510
Accounting Services	-	129
Other Internal Service	521	45
	<u>39,259</u>	<u>1,489</u>
Expendable Trust:		
Escheat Trust	446	2
Other	-	4
	<u>446</u>	<u>6</u>
Nonexpendable Trust:		
Aeronautics Trust	-	36
Permanent School Fund	4	448
	<u>4</u>	<u>484</u>
Pension Trust:		
State Employees Retirement	-	2
School Retirement	14,682	22
Judges Retirement	134	-
State Patrol Retirement	678	-
	<u>15,494</u>	<u>24</u>
Agency:		
Payroll Withholding Fund	-	4,019
TOTALS	<u>\$ 65,358</u>	<u>\$ 65,358</u>

6. Fixed Assets

The general fixed assets of the State are those fixed assets used in performance of general governmental functions. They do not include fixed assets of proprietary funds and the component units.

The following is a summary of changes in the general fixed assets account group during the fiscal year (dollars in thousands):

	BALANCE JULY 1, 2000 (AS RESTATED)	ADDITIONS	DELETIONS	BALANCE JUNE 30, 2001
Land	\$ 39,222	\$ 5,977	\$ 136	\$ 45,063
Buildings	298,486	8,961	2,572	304,875
Equipment	200,371	26,464	18,281	208,554
Construction in Progress	82,464	46,692	9,159	119,997
	<u>\$ 620,543</u>	<u>\$ 88,094</u>	<u>\$ 30,148</u>	<u>\$ 678,489</u>

The following is a summary of proprietary fund-type fixed assets at June 30, 2001 (dollars in thousands):

	ENTERPRISE FUNDS	INTERNAL SERVICE FUNDS	PENSION TRUST FUNDS
Machinery and equipment	\$ 418	\$ 62,682	\$ 979
Buildings and Land	-	5,914	-
Total	418	68,596	979
Less: accumulated depreciation	(264)	(43,425)	(165)
Net fixed assets	<u>\$ 154</u>	<u>\$ 25,171</u>	<u>\$ 814</u>

The following is a summary of component unit fixed assets at June 30, 2001 (dollars in thousands):

Land and Land Improvements	\$ 116,653
Buildings and Other Improvements	910,807
Equipment and Library Books	226,814
Construction in Progress	99,285
	<u>\$ 1,353,559</u>

7. Bonds Payable

Article XIII of the State's Constitution prohibits the State from incurring debt in excess of one hundred thousand dollars. However, there is a provision in the Constitution that permits the issuance of revenue bonds for: (1) construction of highways; and (2) construction of water conservation and management structures. At June 30, 2001, there was no outstanding debt for either of these purposes.

The State created the NETC Leasing Corporation for the purpose of acquiring property to be leased to and purchased by the State. In February 2000, the NETC Leasing Corporation issued \$22,515,000 of lease rental revenue bonds to construct and acquire digital television facilities and equipment and related facilities. The NETC Leasing Corporation is not subject to State constitutional restrictions on the incurrence of debt, which may apply to the State itself. The obligations outstanding at June 30, 2001 are collateralized by the revenues of the NETC Leasing Corporation, which consist primarily of rental paid by the State. Outstanding bonds payable are reported in the General Long-Term Debt Account Group.

State of Nebraska

The State created the Nebraska State Building Corporation (NSBC) to finance the purchase of a building used by the State for its data processing and general services operations. In September 1987, the NSBC issued \$7,700,000 of lease revenue bonds to finance the purchase of the building. In June 1992, the NSBC issued \$7,645,000 of lease revenue bonds to refund the 1987 bonds. The NSBC is not subject to State constitutional restrictions on the incurrence of debt, which may apply to the State itself. The obligations outstanding at June 30, 2001 are collateralized by the revenues of the NSBC, which consist primarily of building rental paid by the State. Outstanding bonds payable are reported in the General Long-Term Debt Account Group.

The Colleges and Universities issue bonds for various purposes including student housing, parking facilities

and special event centers. Net revenues from student housing and dining facilities, special student fees and parking facilities fees are pledged to secure the appropriate issues. Outstanding bonds payable are reported in the College and University Funds.

All outstanding bond issues of the University of Nebraska Facilities Corporation and the Nebraska State College Facilities Corporation are general obligations of these corporations. They are separate legal entities that are not subject to State constitutional restrictions on the incurrence of debt, which may apply to the State itself. The obligations outstanding at June 30, 2001 are collateralized by a special allocation of a portion of the State cigarette tax. Outstanding bonds payable are reported in the College and University Funds.

(Dollars in Thousands)				BALANCE JUNE 30, 2001
BONDS PAYABLE				
PRIMARY GOVERNMENT				
NETC Leasing Corporation Issue	2000	2001-2010	4.80%-6.00%	\$ 20,870
Nebraska State Building Corporation Issue	1992	1992-2009	5.80%-6.50%	4,800
Primary Government Total				<u>\$ 25,670</u>
COMPONENT UNITS				
Colleges and Universities Revenue Bonds	1966-2000	1966-2020	4.40%-5.90%	\$ 80,375
University of Nebraska Facilities Corporation Issues	1997-1998	1997-2009	3.85%-5.25%	98,610
Nebraska State Colleges Facilities Corporation Issues	1999	2001-2009	4.20%-5.05%	6,390
Component Units Total				<u>\$ 185,375</u>

PRIMARY GOVERNMENT DEBT SERVICE REQUIREMENTS TO MATURITY

(Dollars in Thousands)

YEAR	PRINCIPAL	INTEREST	TOTAL
2002	\$ 2,080	\$ 1,478	\$ 3,558
2003	2,185	1,373	3,558
2004	2,295	1,259	3,554
2005	2,420	1,137	3,557
2006	2,555	1,006	3,561
Thereafter	14,135	2,336	16,471
Total	<u>\$ 25,670</u>	<u>\$ 8,589</u>	<u>\$ 34,259</u>

COMPONENT UNITS DEBT SERVICE REQUIREMENTS TO MATURITY

(Dollars in Thousands)

YEAR	PRINCIPAL	INTEREST	TOTAL
2002	\$ 11,675	\$ 9,135	\$ 20,810
2003	13,560	8,572	22,132
2004	14,705	7,913	22,618
2005	13,990	7,244	21,234
2006	14,580	6,566	21,146
Thereafter	116,865	31,440	148,305
Total	<u>\$ 185,375</u>	<u>\$ 70,870</u>	<u>\$ 256,245</u>

Changes in Primary Government bonds payable for fiscal year 2001 are summarized below (dollars in thousands):

Balance at July 1, 2000	\$ 27,700
Bonds Retired	(2,030)
Balance at June 30, 2001	<u>\$ 25,670</u>

Changes in bonds payable for Component Units for fiscal year 2001 are summarized below (dollars in thousands):

Balance at July 1, 2000	\$ 168,125
New Bonds Issued:	
Colleges and Universities	27,530
Bonds Retired	(10,280)
Balance at June 30, 2001	<u>\$ 185,375</u>

Bond Defeasances – Component Units

In 1993, the University of Nebraska Facilities Corporation issued \$45,570,000 of Refunding Bonds, dated July 15, 1993. On September 30, 1997, the University of Nebraska Facilities Corporation deposited \$34,764,000 into an irrevocable trust with an escrow agent to defease outstanding 1993 Series Bonds. Outstanding bonds on July 1, 2005 will be redeemed at a price equal to the principal amount plus accrued interest. As a result, the 1993 bonds are considered to be defeased and the liability for these bonds has been

State of Nebraska

removed from bonds payable. At June 30, 2001, \$31,140,000 of 1993 bonds are outstanding.

8. Lease Commitments

Capital and Operating Leases. The State leases land, office facilities, equipment, and other assets under both capital and operating leases. Although the lease terms may vary, all leases are subject to annual appropriation by the Legislature.

The minimum annual lease payments and the present value of future minimum payments for capital leases as of June 30, 2001 are as follows (dollars in thousands):

YEAR	PRIMARY GOVERNMENT			COMPONENT
	GENERAL			UNITS
	LONG-TERM			COLLEGE
	INTERNAL	DEBT	ACCOUNT	AND
	SERVICE FUNDS	PENSION FUNDS	GROUP	UNIVERSITY FUNDS
2002	\$ 3,425	\$ 163	\$ 732	\$ 6,419
2003	1,896	165	654	4,874
2004	842	162	650	4,715
2005	143	164	629	4,674
2006	72	164	598	3,626
Thereafter	-	325	7,249	2,469
Total Minimum Payments	6,378	1,143	10,512	26,777
Less: interest and executory costs	347	169	3,705	4,812
Present value of net minimum payments	<u>\$ 6,031</u>	<u>\$ 974</u>	<u>\$ 6,807</u>	<u>\$ 21,965</u>

Capital leases have been recorded at the present value of the future minimum lease payments as of the date of their inception. The following is an analysis of property and equipment under capital leases as of June 30, 2001 (dollars in thousands):

	PRIMARY GOVERNMENT			COMPONENT
	GENERAL			UNITS
	FIXED ASSET			COLLEGE
	INTERNAL	PENSION	ACCOUNT	AND
	SERVICE FUNDS	FUNDS	GROUP	UNIVERSITY FUNDS
Buildings	\$ -	\$ -	\$ 7,070	\$ 18,612
Equipment	13,730	975	833	11,124
Less: accumulated depreciation	(8,722)	(162)	-	-
Carrying value	<u>\$ 5,008</u>	<u>\$ 813</u>	<u>\$ 7,903</u>	<u>\$ 29,736</u>

The minimum annual lease payments for operating leases as of June 30, 2001 are as follows (dollars in thousands):

YEAR	PRIMARY GOVERNMENT	COMPONENT UNITS
2002	\$ 3,987	4,003
2003	2,952	4,001
2004	2,952	4,006
2005	2,952	4,002
2006	2,952	4,009
Thereafter	14,491	21,845
Total	<u>\$ 30,286</u>	<u>\$ 41,866</u>

Primary Government operating lease payments for the year ended June 30, 2001 totaled \$11,401,000.

Lessor Transactions. The State also is a lessor of property, primarily farm land leased by the Board of Educational Lands and Funds to farmers and ranchers. At June 30, 2001, the State owned approximately 1.5 million acres of land that was under lease. Under the terms of the leases, the annual payments are subject to change based on annual market analysis. Total rents of \$23,692,000 were received under these and other lease agreements for the year ended June 30, 2001.

9. General Long-Term Debt

The following is a summary of changes in the general long-term debt account group during the fiscal year (dollars in thousands):

	BALANCE JULY 1, 2000	ADDITIONS	DELETIONS	BALANCE JUNE 30, 2001
Claims Payable \$	3,455	\$ 2,945	\$ 3,025	\$ 3,375
Bonds Payable	27,700	-	2,030	25,670
Capital Lease Obligations	4,890	2,556	639	6,807
Obligations Under Other Financing Arrangements	5,530	2,910	1,095	7,345
Compensated Absences	82,818	5,359	-	88,177
Totals	<u>\$ 124,393</u>	<u>\$ 13,770</u>	<u>\$ 6,789</u>	<u>\$ 131,374</u>

The additions in compensated absences represent a net increase. "Claims Payable" consists of the long-term portion of Medicaid claims.

10. Obligations Under Other Financing Arrangements

The State has entered into special financing arrangements with certain public benefit corporations to fund certain grant programs. Under these arrangements, the State enters into an agreement with a public benefit corporation to issue debt and capitalize a loan program. Money is appropriated from special revenue sources other than State tax receipts to pay the debt service. This arrangement does not violate the constitutional restrictions on the incurrence of debt since debt service is being paid from user fees and not general tax revenues.

Between 1991 and 2001, the State entered into arrangements with the Nebraska Investment Finance

State of Nebraska

Authority to capitalize loan programs to local units of government for wastewater and drinking water treatment facilities.

Changes in these financing arrangements for the fiscal year were as follows (dollars in thousands):

	BALANCE JULY 1, 2000	ADDITIONS	DELETIONS	BALANCE JUNE 30, 2001
Nebraska Investment Finance Authority	<u>\$ 5,530</u>	<u>\$ 2,910</u>	<u>\$ 1,095</u>	<u>\$ 7,345</u>

A summary of the future minimum contractual obligations including interest at rates from 3.90 percent to 5.70 percent is as follows (dollars in thousands):

YEAR	PRINCIPAL	INTEREST	TOTAL
2002	\$ 160	\$ 361	\$ 521
2003	330	371	701
2004	345	355	700
2005	365	338	703
2006	375	321	696
Thereafter	<u>5,770</u>	<u>1,907</u>	<u>7,677</u>
Total	<u>\$ 7,345</u>	<u>\$ 3,653</u>	<u>\$ 10,998</u>

11. Contributed Capital

Internal Service Fund contributed capital at June 30, 2001 consisted of the following (dollars in thousands):

Correctional Services	\$ 205
Information Management Services	1,824
Risk Management	21
Accounting Services	<u>59</u>
Total	<u>\$ 2,109</u>

There were no changes in contributed capital balances during the year.

12. Pension Plans

Plans Administered by the Public Employees Retirement Board

The Public Employees Retirement Board (the Board), which consists of seven members, was created in 1971 to administer the Nebraska retirement plans then in existence. Those plans were the School, State Employees', Judges' and State Patrol plans. In October of 1973, the Board assumed the administration of the Nebraska Counties Retirement System. The plans have been created in accordance with Internal Revenue Code, Sections 401(a) and 414(h). Contribution and benefit provisions are established by State law and may only be amended by the State Legislature.

The Board prepares separate reports for the defined contribution plans and for the defined benefit plans. Copies of these reports that include financial statements

and required supplementary information for the plans may be obtained by writing to Public Employees Retirement Systems, P.O. Box 94816, Lincoln, NE 68509-4816, or by calling 402-471-2053.

Basis of Accounting. The financial statements of the plans are prepared using the accrual basis of accounting, and are included as pension trust funds in the accompanying general purpose financial statements. Plan member and employer contributions are recognized in the period in which the contributions are due. Benefits and refunds are recognized when due and payable in accordance with the terms of each plan.

Plan Description and Funding Policy. By State law, there is to be an equitable allocation of expenses among the retirement systems administered by the Board, and all expenses shall be provided from the investment income earned by the various retirement funds. Following is a summary of each of these plans:

State Employees' Retirement. This plan became effective January 1, 1964, and is a single-employer defined contribution plan established to provide benefits at retirement to general employees of the State. The amounts presented in the accompanying general purpose financial statements for the State Employees' Retirement System are for the fiscal year ended December 31, 2000.

Participation in the plan is required for all permanent full-time employees upon reaching the age of 30 and completion of 24 months of continuous service. Each member contributes 4.33 percent of their compensation until \$864 has been paid and 4.8 percent of pay for the rest of the calendar year. The State matches a member's contribution at a rate of 156 percent.

As of December 31, 2000, there were 12,861 active members and 1,828 inactive members. Members contributed \$18,460,000 and the State contributed \$27,525,000 during the year ended December 31, 2000, which was equal to required contributions.

County Employees' Retirement. In 1973, the State Legislature brought the County Employees' Retirement System under the administration of the Board. The amounts presented in the accompanying general purpose financial statements for the County Employees' Retirement System are for the fiscal year ended December 31, 2000.

The plan is a multiple-employer defined contribution plan that covers employees of 91 of the 93 counties. Participation in the plan is required of all employees working 20 or more hours per week upon the completion of 12 months of continuous service and of all elected officials. County employees and elected officials contribute four percent and commissioned law enforcement personnel (for participating counties with an excess of 85,000

State of Nebraska

inhabitants) contribute six percent of their total compensation. The counties contribute six percent and eight percent, respectively. The State is not required to contribute to this plan.

As of December 31, 2000, there were 5,921 active members and 951 inactive members. Members contributed \$5,278,000 and counties contributed \$7,344,000 during the year ended December 31, 2000, which were equal to required contributions.

School Retirement. The School Retirement System is a cost-sharing multiple-employer defined benefit pension plan with 603 participating school districts. All regular public school employees in Nebraska, other than those who have their own retirement plan, are members of the system. The benefits are based on both service and contributions.

The State's contribution is based on an annual actuarial valuation. The employees' contribution is 7.25 percent of their total pay and the school district's contribution is 101 percent of the employees' contribution.

Judges' Retirement. The Judges' Retirement System is a single-employer defined benefit pension system. The membership includes judges and associate judges employed by the State for the Supreme Court, Court of Appeals, District Court, Workers' Compensation Court, County Court, and Juvenile Court. Benefits are based on both service and final average salary. Benefits vest when the judge takes office.

Members' contributions, a portion of court fees collected, and the State's contribution, which is based on an annual actuarial valuation, fund the plan. The judges contribute six percent of their salary.

State Patrol Retirement. The State Patrol Retirement System is a single-employer defined benefit pension system for officers of the patrol. The

benefits are based on a percentage of the final average salary multiplied by years of service, not to exceed 75 percent of the average salary. Participation is mandated upon employment.

Members are required to contribute eleven percent of their annual pay, which is matched by the State Patrol. The State's contribution is based on an annual actuarial valuation.

The following schedule presents the primary actuarial assumptions used in the most recent actuarial reports for the single-employer defined benefit contribution plans:

	JUDGES' RETIREMENT	STATE PATROL RETIREMENT
Actuarial Valuation Date	6/30/2001	6/30/2001
Actuarial Cost Method	Frozen Entry Age	Frozen Entry Age
Amortization Method	Level Amount Closed	Level Amount Closed
Amortization Period	25 Years	25 Years
Mortality	1971 Group Annuity Table	1983 Group Annuity Table
Asset Valuation Method	5-year Smoothed Market	5-year Smoothed Market
Actuarial Assumptions:		
Investment Rate of Return **	8.0%	8.0%
Projected Salary Increases **	5.0%	Graded 7.0% to 4.5%

** Includes assumed inflation of 3.8% per year.

The following table provides the schedules of funding progress for the single-employer defined benefit contribution plans:

UNAUDITED REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES OF FUNDING PROGRESS

(Dollars in Thousands)

	Actuarial Valuation Date	(a) Actuarial Value of Assets	(b) Actuarial Accrued Liability (AAL)	(a-b) Excess of Assets over AAL	(a/b) Funded Ratio	(c) Covered Payroll	((a-b)/c) Excess as a Percentage of Covered Payroll
Judges'							
	6/30/01	\$ 90,686	\$ 90,686	\$ -	100.0 %	\$ 15,188	- %
	6/30/00	84,483	84,483	-	100.0	13,913	-
	6/30/99	75,522	75,522	-	100.0	13,463	-
State Patrol							
	6/30/01	\$ 208,373	\$ 187,284	\$ 21,089	111.3 %	\$ 16,727	126.1 %
	6/30/00	193,020	169,546	23,474	113.8	15,789	148.7
	6/30/99	171,124	162,223	8,901	105.5	14,987	59.4

UNAUDITED THREE-YEAR TREND INFORMATION
(Dollars in Thousands)

YEAR ENDED JUNE 30	ANNUAL PENSION COST (APC)	PERCENTAGE OF APC CONTRIBUTED	NET PENSION OBLIGATION
School			
2001	\$ 14,452	100%	\$ -
2000	14,102	100	-
1999	27,638	100	-
Judges'			
2001	\$ -	- %	\$ -
2000	-	-	-
1999	-	-	-
State Patrol			
2001	\$ 2,258	100%	\$ -
2000	2,204	100	-
1999	2,190	100	-

Other Plans

Department of Labor, Division of Employment Security Retirement Plan. As of July 1, 2000, the date of the most recent actuarial valuation, there were 178 current or former employees of the Nebraska Department of Labor, Employment Security Division (Federal Special Revenue Fund) who were participants (153 active; 25 inactive) in a defined benefit retirement plan administered by the Principal Financial Group (plan carrier). The plan is fully funded through participants' contributions and special federal revenues from the U.S. Department of Labor, Employment and Training Administration, which flow through the Federal Special Revenue Fund, and is accounted as a non-contributing plan (no State General Fund Revenues).

The plan includes only employees hired by the Nebraska Department of Labor, Employment Security Division prior to July 1, 1984. Employees becoming eligible for retirement plan participation subsequent to that date are covered by the State Employees' Retirement plan.

The employees' contribution rate to the defined benefit plan is set by the Commissioner of Labor at somewhere between zero and seven percent of earnings each year based on an annual review of the financial condition of the plan as presented by the insurance company's actuaries. The employer contribution is based on an annual Actuarial Valuation Report and includes contributions for prior service. Retirement benefits are based on a percentage formula that includes the employee's salary and years of credited service.

The July 1, 2000, net present value of assets available for benefits was \$75,192,000 that exceeded the present value of future retirement benefits by \$1,436,000. The average assumed rate of return used in determining the actuarial value of accumulated plan benefits was 7.5 percent.

The Nebraska Department of Labor's required and actual current year employer contributions were \$0. The

total personal services for the Division of Employment was \$14,009,000. The total payroll for the active participants in this plan was \$5,612,000.

Component Units. The Teachers Insurance and Annuity Association/College Retirement Equity Fund, a privately administered defined contribution retirement plan, provides individual retirement fund contracts for eligible employees of the State Colleges and Universities. Under the plan, eligible employees contribute 3.5 percent to 6.0 percent of monthly earnings and the institutions match the employees' contributions plus an additional 1.5 percent to 2.5 percent of earnings. Participation in the plan is required upon reaching the age of 30 with two years of continuous service. Voluntary participation is permitted upon reaching the age of 25 and two years of continuous service. The plan benefits are fully vested at the date of contribution. The State assumes no liability for the plan other than payment of contributions.

The total payroll for the State Colleges and Universities for fiscal year 2001 was \$571,998,000 of which \$417,240,000 was covered by the plan. The institutions' contributions were \$31,247,000 or 7.49 percent of covered payroll and the employees' contributions were \$22,539,000 or 5.40 percent of covered payroll.

13. Contingencies and Commitments

Grants and Contracts. The State participates in various federally assisted grant programs that are subject to review and audit by the grantor agencies. Entitlements to these resources are generally conditional upon compliance with the terms and conditions of grant agreements and applicable federal regulations, including the expenditure of resources for allowable purposes. Any disallowance resulting from a federal audit may become a liability of the State.

All State agencies including institutions of higher education are required to comply with various federal regulations issued by the U.S. Office of Management and Budget if such agency or institution is a recipient of federal grants, contracts, or other sponsored agreements. Certain agencies or institutions may not be in total compliance with these regulations. Failure to comply may result in questions concerning the allowability of related direct and indirect charges pursuant to such agreements. It is believed that the ultimate disallowance pertaining to these regulations, if any, will not be material to the overall financial condition of the State.

Litigation. The State is named as a party in legal proceedings that occur in the normal course of governmental operations. Such litigation includes, but is not limited to, claims asserted against the State arising from alleged torts, alleged breaches of contract, condemnation proceedings and other alleged violations of State and Federal laws. It is not possible at the present time to estimate ultimate outcome or liability, if any, of the State for these proceedings. It is the State's opinion that

the ultimate liability for these and other proceedings is not expected to have a material adverse effect on the State's financial position.

The State also has been named as a party in legal proceedings that occur outside of the normal course of governmental operations. It is not possible at the present time to estimate the ultimate outcome or liability, if any, of the State for these proceedings. The effects of this litigation, if any, will be reflected in future years, as the uncertainties regarding the litigation are determined.

Entergy Arkansas, Inc. and other interested parties have filed a suit against the State of Nebraska and other defendants for \$98 million, alleging improper actions in the license review for the low-level radioactive waste facility for the Central Interstate Compact. Trial is currently scheduled for June 2002 in Federal District Court. The State is vigorously defending this lawsuit. It is not possible at this time to estimate the outcome of this appeal or the ultimate liability, if any, of the State as a result of this proceeding.

On June 1, 2000, a District Court opined that the \$1.25 million limit on the total amount of damages recoverable in a medical malpractice action was unconstitutional. This case has been appealed to the Nebraska Supreme Court. That court previously determined the Medical Malpractice Act constitutional. Should the court reverse its previous position, it is not possible, at the present time, to estimate the increase in liability to the Excess Liability Enterprise Fund should the limit be eliminated.

Construction Commitments. At June 30, 2001, the State had contractual commitments of approximately \$412,596,000 for various highway and building projects. Funding of these future expenditures is expected to be provided as follows (dollars in thousands):

Federal funds	\$ 124,100
State funds	274,962
Local funds	13,534
	<u>\$ 412,596</u>

At June 30, 2001, the Colleges and Universities had contracted for the construction of several facilities that are estimated to cost \$294,093,000. The approximate remaining costs to complete these facilities were \$168,400,000, which will be funded as follows (dollars in thousands):

State appropriations	\$ 19,345
University funds	12,010
Private gifts, grants and contracts	129,955
Bond funds	7,090
	<u>\$ 168,400</u>

14. Risk Management

Through the Department of Administrative Services, Divisions of Risk Management and State Personnel, the State maintains insurance and self-insurance programs. Workers' compensation, employee liability and general liability are self-insured. The Colleges and Universities are self-insured for a portion of their comprehensive general and property losses. The Colleges and Universities purchase commercial insurance coverage for hospital professional liability. Motor vehicle liability is insured with a \$5 million limit and a \$300,000 retention per occurrence and employee dishonesty is insured with a \$1 million limit with a \$10,000 retention per incident. The State insures against property damage, maintaining a policy with a \$250 million limit and a \$100,000 retention per occurrence. The State also provides insurance for personal property damage. Settled claims have not exceeded this commercial insurance coverage in any of the past three years. The Division of State Personnel maintains health care and life insurance for eligible State employees. These activities are reported in the Risk Management Internal Service Fund.

Claims liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported. The balance of claims liabilities is determined by an analysis of past, current, and future estimated loss experience. Because actual claims liabilities depend on such factors as inflation, changes in legal doctrines and damage awards, the process used in computing claims liability may not result in an exact amount. Claims liabilities are evaluated periodically to take into consideration recently settled claims, the frequency of claims, and other economic and social factors.

Changes in the balances of claims liabilities during the years ended June 30, 2001, and 2000, were as follows (dollars in thousands):

	Fiscal Year	
	2001	2000
Beginning Balance	\$ 34,411	\$ 30,463
Current Year Claims and Changes in Estimates	18,111	56,259
Claim Payments	(13,491)	(52,311)
Ending Balance	<u>\$ 39,031</u>	<u>\$ 34,411</u>

15. Segment Information

The State maintains two enterprise funds. The Lottery Fund accounts for all receipts and expenses from the operations of the State Lottery. The Excess Liability Fund accounts for liability insurance coverage provided to health care providers.

Segment information for the fiscal year ended June 30, 2001, is as follows (dollars in thousands):

	LOTTERY	EXCESS LIABILITY
Operating Revenue	\$ 66,454	\$ 1,031
Operating Expenses:		
Depreciation	54	-
Other	50,769	13,215
Operating Income	15,631	(12,184)
Operating Transfers Out	(16,614)	-
Nonoperating Revenues	970	5,498
Net Income (Loss)	\$ (13)	\$ (6,686)
Current Assets	\$ 10,825	\$ 5,615
Current Liabilities	5,152	9,532
Net Working Capital	\$ 5,673	\$ (3,917)
Total Assets	\$ 13,800	\$ 55,228
Total Liabilities	5,272	47,566
Retained Earnings	\$ 8,528	\$ 7,662
Long-Term Liabilities	\$ 120	\$ 38,034
Property, Plant and Equipment, Additions	\$ 116	\$ -

There were no operating grants, entitlements, tax or shared revenues, or capital contributions during the fiscal year ended June 30, 2001.

16. Reservations of Fund Balance

Fund balances reserved in the governmental and fiduciary funds consist of the following at June 30, 2001 (dollars in thousands):

	GENERAL FUND	SPECIAL REVENUE FUNDS	TRUST AND AGENCY FUNDS
Reserved for:			
Long-Term Receivables	\$ -	\$ 132,497	\$ -
Inventories and Prepaid Items	67	12,012	-
Debt Service	-	6,089	-
Unemployment Compensation Benefits	-	-	209,025
Deferred Compensation Benefits	-	-	118,999
Endowment Principal	-	-	316,398
Pension Benefits	-	-	5,470,185
Health and Social Services	-	264,995	-
Highway Projects	-	141,990	-
Licensing and Regulation	-	141,951	-
Federal Grants	-	121,500	-
Other Specific Purposes	-	212,284	8,357
Total	\$ 67	\$ 1,033,318	\$ 6,122,964

17. Joint Venture

On October 1, 1997, the Board of Regents of the University of Nebraska and Bishop Clarkson Memorial Hospital (Clarkson) entered into a Joint Operating Agreement forming the Nebraska Health System (NHS), a Nebraska nonprofit corporation. A Board of Directors comprised of six members appointed by Clarkson and six members appointed by the Board of Regents govern NHS. Upon dissolution of NHS, the University and Clarkson will share equally in the remaining assets.

Because the University has an ongoing financial interest in NHS, the University is accounting for the joint venture under the equity method. On October 1, 2000, the lease was amended to extend thirty-seven years. The University has recorded a fifty percent equity in earnings of NHS for the year ended June 30, 2001 totaling approximately \$831,000. In addition, to the extent that sufficient funds are available as determined by the NHS Board of Directors, the University will receive an annual capital distribution. A distribution was declared in fiscal year 2000, of which the University received \$3,000,000 in July 2001.

In connection with the Joint Operating Agreement, the Board of Regents also entered into an Academic Affiliation Agreement for Education and Research with NHS. In connection with this agreement, NHS has agreed to financially support certain educational, research, operational and clinical activities of the University that further the mission and objectives of NHS. During the year ended June 30, 2001, the University received approximately \$19,746,000 of support in connection with the agreement.

Separate financial statements of NHS can be obtained from the Nebraska Health System, 42nd Street and Dewey Avenue, Omaha NE 68105.

18. Accounting Changes

The State changed the threshold for capitalizing buildings from \$50,000 to \$100,000 as of July 1, 2000. The beginning balances were restated to reflect this change in accounting policy. The beginning buildings balance of the General Fixed Asset Account Group was reduced by \$17,242,000 as a result of this restatement.

GASB Statements No. 33, *Accounting and Financial Reporting for Nonexchange Transactions* and No. 36, *Recipient Reporting for Certain Shared Nonexchange Revenues*, an amendment of GASB Statement No. 33, were implemented during fiscal year 2001. The effect of the change on the accompanying financial statements was an increase of revenues and expenditures in the General Fund of \$14,532,000 to reflect the distribution of insurance premium taxes to local governments. These distributions had previously been reflected in an agency fund. In addition, fund balances that had previously been reported as unreserved have been reported as reserved or restricted for restrictions in enabling legislation.

19. Pronouncements Issued Not Yet Implemented

The GASB issued Statement 34, "Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments." This statement will significantly change the way the State reports their finances to the public. Some of the more significant changes are as follows:

Management discussion and analysis (MD&A). Financial managers of the State will be required to share their insights of the State's financial performance for the

year. The MD&A will provide an analysis of the State's overall financial position and results of the previous year's operations and will discuss the capital asset and long-term debt activity. The MD&A will conclude with a description of currently known facts, decisions, or conditions that are expected to have a significant effect on the State's future financial position and operations.

Government-wide financial statements. The government-wide financial statements will be prepared using full accrual accounting (economic resources measurement focus) for all of the government's activities. The statement of activities will report expenses and revenues in a format that focuses on the net cost of each of the government's functions. The statements will distinguish between the governmental and business-type activities of the primary government and its discretely presented component units. Fiduciary activities will be excluded from the statements.

Fund-based financial statements. This will consist of a series of statements that provide information about the

State's major and nonmajor governmental and enterprise funds.

Required supplementary information. A budgetary comparison schedule comparing original, final, and actual information on the budgetary basis for the State's general fund and major special revenue funds is required.

Infrastructure. The State will be required to report all capital assets, including infrastructure, in the government-wide statement of net assets will report depreciation expense in the statement of activities.

The State will issue financial statements under Statement No. 34 for the fiscal year ending June 30, 2002. This will be the initial implementation incorporating the changes noted above.

COMBINING AND INDIVIDUAL FUND STATEMENTS

SPECIAL REVENUE FUNDS

Specific revenues that are legally restricted to expenditure for particular activities are accounted for in Special Revenue Funds. A brief description of each fund follows.

Licensing and Regulation. This fund accounts for all activities of agencies, boards, and commissions whose primary function is licensing individuals and regulating industry and professions. This includes a diverse group of professions such as abstracters, medical professions, barbers, engineers, architects and accountants.

Highway Fund. This fund accounts for the activities of the Department of Motor Vehicles and the Department of Roads in relation to gas taxes and other highway user fees.

Economic Development. This fund accounts for activities to develop and promote the growth of industry, agriculture, commerce and tourism, and utilization of resources within Nebraska.

Airport Development. This fund accounts for the activities relating to aircraft fuels tax, which is administered by the Department of Aeronautics for the support and maintenance of public airports.

Game and Parks. This fund accounts for the activities related to the Nebraska Game and Parks Commission, which is responsible for the development and preservation of the fish and wildlife resources of Nebraska, and operation and administration of the State park system.

Energy Conservation. This fund accounts for activities relating to the oil and gas severance taxes as well as energy conservation and development activities. The State Energy Office is responsible for providing technical assistance on energy conservation and development, distributing funds for the school weatherization program, and administering and distributing federal funds provided to the State in the area of energy efficiency.

Federal Fund. This fund accounts for substantially all federal monies received by the State, except those received by the Highway Fund and the Colleges and Universities.

Health and Social Services. This fund accounts for activities of agencies, boards, and commissions relating to health care and social services.

State Building Corporation. This fund accounts for the activities of a blended component unit.

NETC Leasing Corporation. This fund accounts for the activities of a blended component unit.

Other Special Revenue. This fund accounts for various other revenues that must be used for specific purposes.

State of Nebraska
COMBINING BALANCE SHEET
ALL SPECIAL REVENUE FUNDS
June 30, 2001

(Dollars in Thousands)

	LICENSING AND REGULATION	HIGHWAY FUND	ECONOMIC DEVELOPMENT	AIRPORT DEVELOPMENT
ASSETS:				
Cash and Cash Equivalents	\$ 61,648	\$ 80,104	\$ 11,151	\$ 4,251
Cash on Deposit with Fiscal Agents	-	-	-	-
Investments	79,646	56,931	14,954	-
Invested Securities Lending Collateral	31,275	22,356	5,872	-
Receivables, net of allowance:				
Taxes	112	39,922	-	133
Due from Federal Government	11	18,116	-	333
Loans	-	-	96	3,417
Other	3,250	20,999	1,091	78
Due from Other Funds	162	192	561	61
Inventories	-	10,837	-	-
Prepaid Items	25	7	-	3
Other	19	-	570	-
TOTAL ASSETS	\$ 176,148	\$ 249,464	\$ 34,295	\$ 8,276
LIABILITIES AND FUND BALANCES				
LIABILITIES:				
Accounts Payable and Accrued Liabilities	\$ 1,213	\$ 50,342	\$ 617	\$ 443
Tax Refunds Payable	-	5,707	-	-
Due to Other Governments	37	15,966	-	-
Deposits	1,393	480	570	-
Due to Other Funds	246	1,691	24	9
Obligations under Securities Lending	31,275	22,356	5,872	-
Claims Payable	-	-	-	-
Deferred Revenue	-	-	-	-
Other	8	88	-	-
TOTAL LIABILITIES	34,172	96,630	7,083	452
FUND BALANCES:				
Reserved for:				
Long-Term Receivables	-	-	96	3,417
Inventories and Prepaid Items	25	10,844	-	3
Debt Service	-	-	-	-
Purposes of the Funds	141,951	141,990	27,116	4,404
TOTAL FUND BALANCES	141,976	152,834	27,212	7,824
TOTAL LIABILITIES AND FUND BALANCES	\$ 176,148	\$ 249,464	\$ 34,295	\$ 8,276

GAME AND PARKS	ENERGY CONSERVATION	FEDERAL FUND	HEALTH AND SOCIAL SERVICES	STATE BUILDING CORPORATION	NETC LEASING CORPORATION	OTHER SPECIAL REVENUE	TOTALS
\$ 22,481	\$ 7,971	\$ 31,928	\$ 111,207	\$ -	\$ -	\$ 45,603	\$ 376,344
-	-	-	-	831	22,271	5,030	28,132
24,939	-	2,754	157,105	-	-	62,352	398,681
9,793	-	883	53,964	-	-	22,291	146,434
-	-	-	-	-	-	48	40,215
755	-	209,143	-	-	-	-	228,358
-	21,127	3,078	1,320	-	-	103,459	132,497
763	132	20,858	9,313	-	732	1,812	59,028
418	-	35	217	-	-	3,219	4,865
-	-	16,744	1,003	-	-	-	28,584
56	-	52	9	-	-	20	172
-	-	-	-	-	-	3	592
<u>\$ 59,205</u>	<u>\$ 29,230</u>	<u>\$ 285,475</u>	<u>\$ 334,138</u>	<u>\$ 831</u>	<u>\$ 23,003</u>	<u>\$ 243,837</u>	<u>\$ 1,443,902</u>
\$ 4,637	\$ 14	\$ 52,818	\$ 12,204	\$ -	\$ 454	\$ 5,083	\$ 127,825
-	-	-	-	-	-	-	5,707
-	-	-	-	-	-	34	16,037
6	-	2,071	230	-	-	11	4,761
100	20	4,894	182	-	-	2,024	9,190
9,793	-	883	53,964	-	-	22,291	146,434
-	-	80,316	-	-	-	-	80,316
118	-	19,863	-	-	-	-	19,981
2	-	-	231	-	-	4	333
<u>14,656</u>	<u>34</u>	<u>160,845</u>	<u>66,811</u>	<u>-</u>	<u>454</u>	<u>29,447</u>	<u>410,584</u>
-	21,127	3,078	1,320	-	-	103,459	132,497
56	-	52	1,012	-	-	20	12,012
-	-	-	-	831	591	4,667	6,089
<u>44,493</u>	<u>8,069</u>	<u>121,500</u>	<u>264,995</u>	<u>-</u>	<u>21,958</u>	<u>106,244</u>	<u>882,720</u>
<u>44,549</u>	<u>29,196</u>	<u>124,630</u>	<u>267,327</u>	<u>831</u>	<u>22,549</u>	<u>214,390</u>	<u>1,033,318</u>
<u>\$ 59,205</u>	<u>\$ 29,230</u>	<u>\$ 285,475</u>	<u>\$ 334,138</u>	<u>\$ 831</u>	<u>\$ 23,003</u>	<u>\$ 243,837</u>	<u>\$ 1,443,902</u>

State of Nebraska

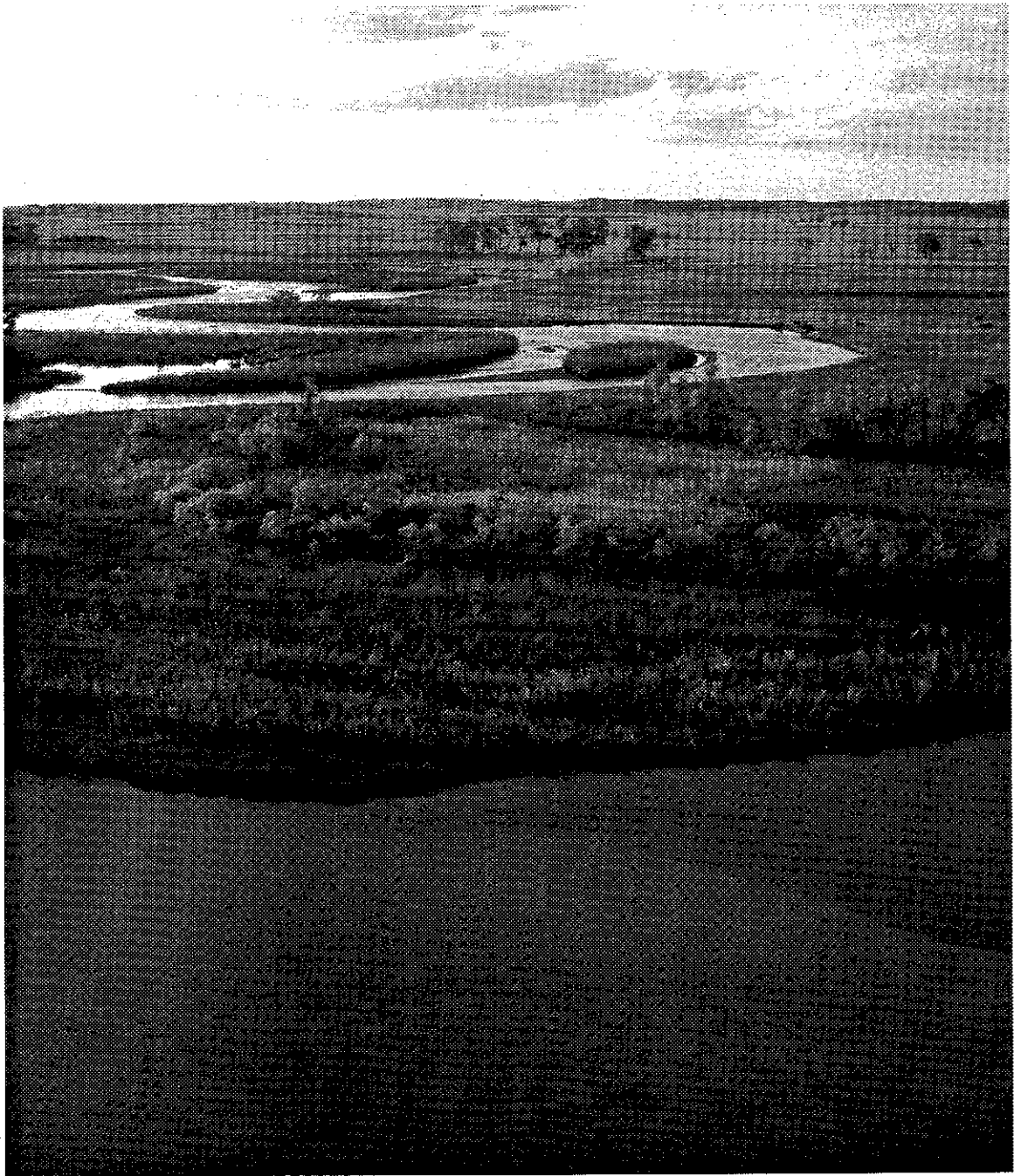
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES ALL SPECIAL REVENUE FUNDS

For the Year Ended June 30, 2001

(Dollars in Thousands)

	LICENSING AND REGULATION	HIGHWAY FUND	ECONOMIC DEVELOPMENT	AIRPORT DEVELOPMENT
REVENUES:				
Taxes	\$ 75,944	\$ 403,713	\$ 17,895	\$ 1,697
Federal Grants and Contracts	131	176,664	132	13,999
Licenses, Fees and Permits	41,218	60,272	-	-
Charges for Services	2,515	16,477	284	210
Investment Income	12,761	8,891	2,942	251
Rents and Royalties	-	387	-	622
Other	1,981	4,225	340	75
TOTAL REVENUES	134,550	670,629	21,593	16,854
EXPENDITURES:				
Current:				
General Government	-	-	-	-
Conservation of Natural Resources	-	-	-	-
Culture - Recreation	-	-	-	-
Economic Development and Assistance	-	-	19,976	-
Education	-	-	-	-
Health and Social Services	-	-	-	-
Public Safety	-	-	-	-
Regulation of Business and Professions	76,190	-	-	-
Transportation	-	652,686	-	17,664
Intergovernmental	-	-	-	-
Debt Service				
Principal	-	-	-	-
Interest	-	-	-	-
TOTAL EXPENDITURES	76,190	652,686	19,976	17,664
Excess of Revenues Over (Under) Expenditures	58,360	17,943	1,617	(810)
OTHER FINANCING SOURCES (USES):				
Operating Transfers In	2,418	10,412	7,000	456
Operating Transfers Out	(24,296)	(6,864)	(10,438)	-
Proceeds from Other Financing Arrangements	-	-	-	-
Proceeds from Capital Leases	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	(21,878)	3,548	(3,438)	456
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	36,482	21,491	(1,821)	(354)
FUND BALANCES, JULY 1	105,494	131,343	29,033	8,178
FUND BALANCES, JUNE 30	\$ 141,976	\$ 152,834	\$ 27,212	\$ 7,824

GAME AND PARKS	ENERGY CONSERVATION	FEDERAL FUND	HEALTH AND SOCIAL SERVICES	STATE BUILDING CORPORATION	NETC LEASING CORPORATION	OTHER SPECIAL REVENUE	TOTALS
\$ 1,364	\$ 300	\$ -	\$ 3,591	\$ -	\$ -	\$ 24,001	\$ 528,505
7,171	-	1,387,674	157	-	-	2,277	1,588,205
15,642	-	-	1,562	-	-	22,036	140,730
3,603	8	11,751	28,697	-	-	15,800	79,345
4,377	585	2,304	19,923	71	1,678	9,491	63,274
7,039	-	66	187	647	-	1,050	9,998
653	679	13,616	99,188	-	31	11,568	132,356
<u>39,849</u>	<u>1,572</u>	<u>1,415,411</u>	<u>153,305</u>	<u>718</u>	<u>1,709</u>	<u>86,223</u>	<u>2,542,413</u>
-	-	2,500	-	2	-	13,122	15,624
30,239	915	17,672	-	-	-	11,650	60,476
15,688	-	1,456	-	-	-	1,188	18,332
-	-	52,612	-	-	-	877	73,465
-	-	181,354	-	-	2,752	19,440	203,546
-	-	1,070,682	90,881	-	-	742	1,162,305
-	-	32,018	-	-	-	24,521	56,539
-	-	1,019	-	-	-	799	78,008
-	-	-	-	-	-	-	670,350
-	-	-	-	-	-	19,598	19,598
-	-	-	-	385	1,645	1,095	3,125
-	-	-	-	318	1,202	179	1,699
<u>45,927</u>	<u>915</u>	<u>1,359,313</u>	<u>90,881</u>	<u>705</u>	<u>5,599</u>	<u>93,211</u>	<u>2,363,067</u>
<u>(6,078)</u>	<u>657</u>	<u>56,098</u>	<u>62,424</u>	<u>13</u>	<u>(3,890)</u>	<u>(6,988)</u>	<u>179,346</u>
8,143	-	-	1,432	-	2,847	35,056	67,764
-	-	(22,206)	-	-	-	(3,126)	(66,930)
-	-	-	-	-	-	2,910	2,910
-	-	-	37	-	-	-	37
<u>8,143</u>	<u>-</u>	<u>(22,206)</u>	<u>1,469</u>	<u>-</u>	<u>2,847</u>	<u>34,840</u>	<u>3,781</u>
2,065	657	33,892	63,893	13	(1,043)	27,852	183,127
<u>42,484</u>	<u>28,539</u>	<u>90,738</u>	<u>203,434</u>	<u>818</u>	<u>23,592</u>	<u>186,538</u>	<u>850,191</u>
<u>\$ 44,549</u>	<u>\$ 29,196</u>	<u>\$ 124,630</u>	<u>\$ 267,327</u>	<u>\$ 831</u>	<u>\$ 22,549</u>	<u>\$ 214,390</u>	<u>\$ 1,033,318</u>



North Loup River below Brewster

ENTERPRISE FUNDS

Enterprise Funds are maintained to account for operations that are financed and operated in a manner similar to private business enterprises—where the costs of providing goods and services to the general public are financed primarily through user charges.

Lottery Fund. This fund accounts for all receipts and expenses from the operations of the State Lottery.

Excess Liability Fund. This fund accounts for the activity resulting from implementation of the Nebraska Hospital-Medical Liability Act. Revenues are primarily insurance premiums from certain health care providers and a surcharge levied on all health care providers in Nebraska. Expenses from the fund are used to pay judgments against the insured health care provider.

State of Nebraska
COMBINING BALANCE SHEET
ENTERPRISE FUNDS
June 30, 2001

(Dollars in Thousands)

	LOTTERY	EXCESS LIABILITY	TOTALS
ASSETS			
CURRENT ASSETS:			
Cash and Cash Equivalents	\$ 7,921	\$ 4,989	\$ 12,910
Receivables, net of allowance	2,737	626	3,363
Prepaid Items	167	-	167
TOTAL CURRENT ASSETS	10,825	5,615	16,440
RESTRICTED ASSETS:			
Long-Term Deposits	2,821	-	2,821
NONCURRENT ASSETS:			
Long-Term Investments	-	49,488	49,488
Invested Securities Lending Collateral	-	125	125
Property, Plant and Equipment, net	154	-	154
TOTAL NONCURRENT ASSETS	154	49,613	49,767
TOTAL ASSETS	\$ 13,800	\$ 55,228	\$ 69,028
LIABILITIES AND RETAINED EARNINGS			
CURRENT LIABILITIES:			
Accounts Payable and Accrued Liabilities	\$ 4,459	\$ -	\$ 4,459
Due to Other Funds	693	9	702
Claims Payable	-	8,291	8,291
Deferred Revenue	-	1,232	1,232
TOTAL CURRENT LIABILITIES	5,152	9,532	14,684
NONCURRENT LIABILITIES:			
Accrued Compensated Absences	120	-	120
Obligations under Securities Lending	-	125	125
Claims Payable	-	37,909	37,909
TOTAL NONCURRENT LIABILITIES	120	38,034	38,154
TOTAL LIABILITIES	5,272	47,566	52,838
RETAINED EARNINGS:			
Reserved for Lottery Prizes	2,821	-	2,821
Unreserved	5,707	7,662	13,369
TOTAL RETAINED EARNINGS	8,528	7,662	16,190
TOTAL LIABILITIES AND RETAINED EARNINGS	\$ 13,800	\$ 55,228	\$ 69,028

State of Nebraska

COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN RETAINED EARNINGS ENTERPRISE FUNDS

For the Year Ended June 30, 2001

(Dollars in Thousands)

	LOTTERY	EXCESS LIABILITY	TOTALS
OPERATING REVENUES:			
Charges for Services	\$ 66,454	\$ 1,031	\$ 67,485
TOTAL OPERATING REVENUES	66,454	1,031	67,485
OPERATING EXPENSES:			
Personal Services	1,209	-	1,209
Services and Supplies	15,436	408	15,844
Lottery Prizes	34,124	-	34,124
Insurance Claims	-	12,807	12,807
Depreciation	54	-	54
TOTAL OPERATING EXPENSES	50,823	13,215	64,038
Operating Income (Loss)	15,631	(12,184)	3,447
NONOPERATING REVENUES (EXPENSES):			
Investment Income	970	5,498	6,468
TOTAL NONOPERATING REVENUES (EXPENSES)	970	5,498	6,468
Income (Loss) Before Operating Transfers	16,601	(6,686)	9,915
OPERATING TRANSFERS:			
Operating Transfers Out	(16,614)	-	(16,614)
Net Income (Loss)	(13)	(6,686)	(6,699)
RETAINED EARNINGS, JULY 1	8,541	14,348	22,889
RETAINED EARNINGS, JUNE 30	\$ 8,528	\$ 7,662	\$ 16,190

State of Nebraska
COMBINING STATEMENT OF CASH FLOWS
ENTERPRISE FUNDS
For the Year Ended June 30, 2001

(Dollars in Thousands)

	LOTTERY	EXCESS LIABILITY	TOTALS
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash Received from Customers	\$ 67,008	\$ 1,961	\$ 68,969
Cash Paid to Employees	(1,195)	-	(1,195)
Cash Paid to Suppliers	(15,743)	(306)	(16,049)
Cash Paid for Lottery Prizes	(35,228)	-	(35,228)
Cash Paid for Insurance Claims	-	(7,907)	(7,907)
Cash Paid for Interfund Services	(274)	(117)	(391)
NET CASH FLOWS FROM OPERATING ACTIVITIES	<u>14,568</u>	<u>(6,369)</u>	<u>8,199</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Operating Transfers Out	<u>(18,939)</u>	-	<u>(18,939)</u>
NET CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	<u>(18,939)</u>	-	<u>(18,939)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING:			
Acquisition and Construction of Capital Assets	<u>(116)</u>	-	<u>(116)</u>
NET CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(116)</u>	-	<u>(116)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of Investment Securities	-	(233,359)	(233,359)
Proceeds from Sale of Investment Securities	-	233,618	233,618
Interest and Dividend Income	<u>1,144</u>	<u>3,427</u>	<u>4,571</u>
NET CASH FLOWS FROM INVESTING ACTIVITIES	<u>1,144</u>	<u>3,686</u>	<u>4,830</u>
NET INCREASE (DECREASE) IN CASH	<u>(3,343)</u>	<u>(2,683)</u>	<u>(6,026)</u>
CASH AND CASH EQUIVALENTS, JULY 1	<u>11,264</u>	<u>7,672</u>	<u>18,936</u>
CASH AND CASH EQUIVALENTS, JUNE 30	<u>\$ 7,921</u>	<u>\$ 4,989</u>	<u>\$ 12,910</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH FLOWS FROM OPERATING ACTIVITIES:			
Operating Income (Loss)	<u>\$ 15,631</u>	<u>\$ (12,184)</u>	<u>\$ 3,447</u>
Adjustments to reconcile operating income to net cash flows from operating activities:			
Depreciation	54	-	54
Change in Assets and Liabilities:			
(Increase) Decrease in Accounts Receivable	554	-	554
(Increase) Decrease in Prepaid Expenses	18	-	18
(Increase) Decrease in Other Assets	(25)	-	(25)
Increase (Decrease) in Accounts Payable and Accrued Liabilities	(1,667)	(13)	(1,680)
Increase (Decrease) in Due to Other Funds	3	(2)	1
Increase (Decrease) in Claims Payable	-	4,900	4,900
Increase (Decrease) in Deferred Revenue	-	930	930
Total adjustments	<u>(1,063)</u>	<u>5,815</u>	<u>4,752</u>
NET CASH FLOWS FROM OPERATING ACTIVITIES	<u>\$ 14,568</u>	<u>\$ (6,369)</u>	<u>\$ 8,199</u>

NONCASH TRANSACTIONS (dollars in thousands):

Noncash transactions are investing and financing activities that affect assets and liabilities but do not result in cash receipts or payments. The following noncash transactions occurred during the year: Excess Liability Fund had a change in fair value of investments of \$1,001.

INTERNAL SERVICE FUNDS

Internal Service Funds are used to account for the operations of State agencies that provide goods and services to other departments or agencies within State government on a cost-reimbursement basis. The State has the following internal service funds:

Correctional Services. The activities of Cornhusker State Industries in the Department of Correctional Services are accounted for in this fund.

Buildings and Grounds. The activities of the Department of Administrative Services, Building Division, for space rental, office and storage, and operating the parking areas are accounted for in this fund.

General Services. This fund accounts for the operations of central services provided by the Department of Administrative Services, Materiel Division. These operations are the central mailroom, printing, central stores, purchasing services, surplus State property, and other miscellaneous office services.

Communications. This fund accounts for the activities of the central communications network maintained by the Department of Administrative Services, Communications Division.

Information Management Services. The central data processing operations maintained by the Department of Administrative Services, Information Management Services Division, are accounted for in this fund.

Transportation Services Bureau. This fund accounts for the operations of the central motor pool, which is under the Department of Administrative Services, Transportation Services Bureau.

Risk Management. The activities of the Department of Administrative Services, Division of Risk Management, which include workers' compensation and general liability claims, and of the State Employees Insurance Fund, which include life and health insurance programs, are accounted for in this fund.

Accounting Services. The accounting operations maintained by the Department of Administrative Services, Accounting Division, are accounted for in this fund.

Other Internal Service Funds. This fund accounts for the micrographics services and warehousing of records by the Records Management Division of the Secretary of State, the activities of the Investment Council, and the temporary employee pool maintained by the Department of Administrative Services, Division of State Personnel.

State of Nebraska
COMBINING BALANCE SHEET
INTERNAL SERVICE FUNDS
June 30, 2001

(Dollars in Thousands)

	CORRECTIONAL SERVICES	BUILDINGS AND GROUNDS	GENERAL SERVICES	COMMUNICATIONS
ASSETS				
CURRENT ASSETS:				
Cash and Cash Equivalents	\$ 2,822	\$ 4,871	\$ 6,044	\$ 3,513
Receivables, net of allowance:				
Accounts	211	2	28	358
Accrued Interest	39	89	83	63
Due from Other Funds	836	229	1,987	1,551
Inventories	2,560	-	268	-
Prepaid Items	-	683	327	-
TOTAL CURRENT ASSETS	<u>6,468</u>	<u>5,874</u>	<u>8,737</u>	<u>5,485</u>
Property, Plant and Equipment, net	<u>5,641</u>	<u>850</u>	<u>2,797</u>	<u>84</u>
TOTAL ASSETS	<u>\$ 12,109</u>	<u>\$ 6,724</u>	<u>\$ 11,534</u>	<u>\$ 5,569</u>
LIABILITIES AND FUND EQUITY				
CURRENT LIABILITIES:				
Accounts Payable and Accrued Liabilities	\$ 142	\$ 712	\$ 1,573	\$ 1,774
Deposits	-	-	672	-
Due to Other Funds	3	110	602	31
Claims Payable	-	-	-	-
Capital Lease Obligations	-	195	-	-
Deferred Revenue	-	-	-	289
TOTAL CURRENT LIABILITIES	<u>145</u>	<u>1,017</u>	<u>2,847</u>	<u>2,094</u>
NONCURRENT LIABILITIES:				
Capital Lease Obligations	-	479	-	-
Accrued Compensated Absences	250	1,216	305	141
Claims Payable	-	-	-	-
TOTAL NONCURRENT LIABILITIES	<u>250</u>	<u>1,695</u>	<u>305</u>	<u>141</u>
TOTAL LIABILITIES	<u>395</u>	<u>2,712</u>	<u>3,152</u>	<u>2,235</u>
FUND EQUITY:				
Contributed Capital	205	-	-	-
Retained Earnings	<u>11,509</u>	<u>4,012</u>	<u>8,382</u>	<u>3,334</u>
TOTAL FUND EQUITY	<u>11,714</u>	<u>4,012</u>	<u>8,382</u>	<u>3,334</u>
TOTAL LIABILITIES AND FUND EQUITY	<u>\$ 12,109</u>	<u>\$ 6,724</u>	<u>\$ 11,534</u>	<u>\$ 5,569</u>

INFORMATION MANAGEMENT SERVICES	TRANSPORTATION SERVICES	RISK MANAGEMENT	ACCOUNTING SERVICES	OTHER INTERNAL SERVICE	TOTALS
\$ 17,522	\$ 957	\$ 13,287	\$ 1,221	\$ 1,618	\$ 51,855
48	6	-	-	2	655
283	18	200	43	16	834
5,476	871	27,788	-	521	39,259
-	4	-	-	-	2,832
-	-	-	-	56	1,066
<u>23,329</u>	<u>1,856</u>	<u>41,275</u>	<u>1,264</u>	<u>2,213</u>	<u>96,501</u>
4,067	11,617	-	7	108	25,171
<u>\$ 27,396</u>	<u>\$ 13,473</u>	<u>\$ 41,275</u>	<u>\$ 1,271</u>	<u>\$ 2,321</u>	<u>\$ 121,672</u>
\$ 1,573	\$ 46	\$ 164	\$ 33	\$ 179	\$ 6,196
-	-	-	-	-	672
21	38	510	129	45	1,489
-	-	8,347	-	-	8,347
3,009	-	-	-	13	3,217
-	-	-	-	-	289
<u>4,603</u>	<u>84</u>	<u>9,021</u>	<u>162</u>	<u>237</u>	<u>20,210</u>
2,315	-	-	-	20	2,814
1,930	54	5	161	151	4,213
-	-	30,684	-	-	30,684
<u>4,245</u>	<u>54</u>	<u>30,689</u>	<u>161</u>	<u>171</u>	<u>37,711</u>
<u>8,848</u>	<u>138</u>	<u>39,710</u>	<u>323</u>	<u>408</u>	<u>57,921</u>
1,824	-	21	59	-	2,109
<u>16,724</u>	<u>13,335</u>	<u>1,544</u>	<u>889</u>	<u>1,913</u>	<u>61,642</u>
<u>18,548</u>	<u>13,335</u>	<u>1,565</u>	<u>948</u>	<u>1,913</u>	<u>63,751</u>
<u>\$ 27,396</u>	<u>\$ 13,473</u>	<u>\$ 41,275</u>	<u>\$ 1,271</u>	<u>\$ 2,321</u>	<u>\$ 121,672</u>

State of Nebraska

COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN RETAINED EARNINGS INTERNAL SERVICE FUNDS

For the Year Ended June 30, 2001

(Dollars in Thousands)

	CORRECTIONAL SERVICES	BUILDINGS AND GROUNDS	GENERAL SERVICES	COMMUNICATIONS
OPERATING REVENUES:				
Charges for Services	\$ 7,877	\$ 25,665	\$ 15,886	\$ 19,040
Other	113	343	9	-
TOTAL OPERATING REVENUES	<u>7,990</u>	<u>26,008</u>	<u>15,895</u>	<u>19,040</u>
OPERATING EXPENSES:				
Personal Services	2,270	8,031	2,141	1,108
Services and Supplies	4,305	18,080	12,781	20,164
Insurance Claims	-	-	-	-
Depreciation	253	270	837	328
TOTAL OPERATING EXPENSES	<u>6,828</u>	<u>26,381</u>	<u>15,759</u>	<u>21,600</u>
Operating Income (Loss)	<u>1,162</u>	<u>(373)</u>	<u>136</u>	<u>(2,560)</u>
NONOPERATING REVENUES (EXPENSES):				
Investment Income	172	315	302	274
Gain (Loss) on Sale of Fixed Assets	2	-	(284)	(639)
Other	-	(24)	-	-
TOTAL NONOPERATING REVENUES, NET	<u>174</u>	<u>291</u>	<u>18</u>	<u>(365)</u>
Net Income (Loss)	<u>1,336</u>	<u>(82)</u>	<u>154</u>	<u>(2,925)</u>
RETAINED EARNINGS, JULY 1	<u>10,173</u>	<u>4,094</u>	<u>8,228</u>	<u>6,259</u>
RETAINED EARNINGS, JUNE 30	<u>\$ 11,509</u>	<u>\$ 4,012</u>	<u>\$ 8,382</u>	<u>\$ 3,334</u>

INFORMATION MANAGEMENT SERVICES	TRANSPORTATION SERVICES	RISK MANAGEMENT	ACCOUNTING SERVICES	OTHER INTERNAL SERVICE	TOTALS
\$ 53,379	\$ 4,597	\$ 15,165	\$ 1,961	\$ 8,016	\$ 151,586
<u>193</u>	<u>19</u>	<u>20</u>	<u>21</u>	<u>362</u>	<u>1,080</u>
<u>53,572</u>	<u>4,616</u>	<u>15,185</u>	<u>1,982</u>	<u>8,378</u>	<u>152,666</u>
13,577	482	120	871	5,710	34,310
32,821	3,097	170	1,110	2,415	94,943
-	-	18,111	-	-	18,111
<u>3,236</u>	<u>960</u>	<u>-</u>	<u>5</u>	<u>48</u>	<u>5,937</u>
<u>49,634</u>	<u>4,539</u>	<u>18,401</u>	<u>1,986</u>	<u>8,173</u>	<u>153,301</u>
<u>3,938</u>	<u>77</u>	<u>(3,216)</u>	<u>(4)</u>	<u>205</u>	<u>(635)</u>
799	99	898	170	58	3,087
6	209	-	-	(8)	(714)
<u>(224)</u>	<u>445</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>197</u>
<u>581</u>	<u>753</u>	<u>898</u>	<u>170</u>	<u>50</u>	<u>2,570</u>
4,519	830	(2,318)	166	255	1,935
<u>12,205</u>	<u>12,505</u>	<u>3,862</u>	<u>723</u>	<u>1,658</u>	<u>59,707</u>
<u>\$ 16,724</u>	<u>\$ 13,335</u>	<u>\$ 1,544</u>	<u>\$ 889</u>	<u>\$ 1,913</u>	<u>\$ 61,642</u>

State of Nebraska
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
For the Year Ended June 30, 2001

(Dollars in Thousands)

	CORRECTIONAL SERVICES	BUILDINGS AND GROUNDS	GENERAL SERVICES	COMMUNICATIONS
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash Received from Customers	\$ 606	\$ 705	\$ 76	\$ 1,497
Cash Received from Interfund Charges	6,953	25,252	15,836	18,348
Cash Paid to Employees	(2,258)	(7,836)	(2,124)	(1,110)
Cash Paid to Suppliers	(5,278)	(16,064)	(11,345)	(19,803)
Cash Paid for Insurance Claims	-	-	-	-
Cash Paid for Interfund Services	(409)	(1,941)	(926)	(852)
NET CASH FLOWS FROM OPERATING ACTIVITIES	<u>(386)</u>	<u>116</u>	<u>1,517</u>	<u>(1,920)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Interfund Loans	-	-	-	-
NET CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Acquisition and Construction of Capital Assets	(851)	(122)	(1,509)	(493)
Proceeds from Sale of Fixed Assets	3	2	14	3
Principal Paid on Capital Leases	-	(196)	-	-
Interest Paid on Capital Leases	-	(24)	-	-
NET CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(848)</u>	<u>(340)</u>	<u>(1,495)</u>	<u>(490)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:				
Investment Income	190	304	307	292
NET CASH FLOWS FROM INVESTING ACTIVITIES	<u>190</u>	<u>304</u>	<u>307</u>	<u>292</u>
NET INCREASE (DECREASE) IN CASH	(1,044)	80	329	(2,118)
CASH AND CASH EQUIVALENTS, JULY 1	<u>3,866</u>	<u>4,791</u>	<u>5,715</u>	<u>5,631</u>
CASH AND CASH EQUIVALENTS, JUNE 30	<u><u>\$ 2,822</u></u>	<u><u>\$ 4,871</u></u>	<u><u>\$ 6,044</u></u>	<u><u>\$ 3,513</u></u>
RECONCILIATION OF OPERATING INCOME TO NET CASH FLOWS FROM OPERATING ACTIVITIES:				
Operating Income (Loss)	<u>\$ 1,162</u>	<u>\$ (373)</u>	<u>\$ 136</u>	<u>\$ (2,560)</u>
Adjustments to reconcile operating income to net cash flows from operating activities:				
Depreciation	253	270	837	328
Change in Assets and Liabilities:				
(Increase) Decrease in Accounts Receivable	73	6	(7)	(5)
(Increase) Decrease in Due from Other Funds	(504)	(57)	24	688
(Increase) Decrease in Inventories	(1,234)	-	(22)	-
(Increase) Decrease in Prepaid Expenses	-	(38)	65	-
Increase (Decrease) in Accounts Payable and Accrued Liabilities	(127)	248	460	(498)
Increase (Decrease) in Due to Other Funds	(9)	60	24	5
Increase (Decrease) in Claims Payable	-	-	-	-
Increase (Decrease) in Deferred Revenue	-	-	-	122
Total Adjustments	<u>(1,548)</u>	<u>489</u>	<u>1,381</u>	<u>640</u>
NET CASH FLOWS FROM OPERATING ACTIVITIES	<u><u>\$ (386)</u></u>	<u><u>\$ 116</u></u>	<u><u>\$ 1,517</u></u>	<u><u>\$ (1,920)</u></u>

NONCASH TRANSACTIONS (dollars in thousands):

Noncash transactions are investing and financing activities that affect assets and liabilities but do not result in cash receipts or payments. The following noncash transactions occurred during the year: Information Management Services, Buildings and Grounds and Other Internal Service Funds acquired fixed assets through capital leases of \$2,735, \$625 and \$38, respectively.

INFORMATION MANAGEMENT SERVICES	TRANSPORTATION SERVICES	RISK MANAGEMENT	ACCOUNTING SERVICES	OTHER INTERNAL SERVICE	TOTALS
\$ 447	\$ 42	\$ 144	\$ 10	\$ 4,147	\$ 7,674
53,813	5,190	12,041	1,972	4,035	143,440
(13,401)	(471)	(118)	(860)	(5,675)	(33,853)
(26,733)	(2,005)	(43)	(287)	(1,501)	(83,059)
-	-	(13,491)	-	-	(13,491)
(6,090)	(1,159)	(106)	(763)	(676)	(12,922)
<u>8,036</u>	<u>1,597</u>	<u>(1,573)</u>	<u>72</u>	<u>330</u>	<u>7,789</u>
-	-	(1,000)	-	-	(1,000)
-	-	(1,000)	-	-	(1,000)
(176)	(4,562)	-	-	(16)	(7,729)
6	1,405	-	-	-	1,433
(3,116)	-	-	-	(23)	(3,335)
(224)	-	-	-	-	(248)
<u>(3,510)</u>	<u>(3,157)</u>	<u>-</u>	<u>-</u>	<u>(39)</u>	<u>(9,879)</u>
625	122	934	162	55	2,991
625	122	934	162	55	2,991
5,151	(1,438)	(1,639)	234	346	(99)
12,371	2,395	14,926	987	1,272	51,954
<u>\$17,522</u>	<u>\$ 957</u>	<u>\$ 13,287</u>	<u>\$1,221</u>	<u>\$ 1,618</u>	<u>\$ 51,855</u>
<u>\$ 3,938</u>	<u>\$ 77</u>	<u>\$ (3,216)</u>	<u>\$ (4)</u>	<u>\$ 205</u>	<u>\$ (635)</u>
3,236	960	-	5	48	5,937
(14)	24	-	-	-	77
702	592	(3,000)	-	(29)	(1,584)
-	1	-	-	-	(1,255)
-	-	-	-	51	78
174	(47)	24	15	22	271
-	(10)	(1)	56	33	158
-	-	4,620	-	-	4,620
-	-	-	-	-	122
<u>4,098</u>	<u>1,520</u>	<u>1,643</u>	<u>76</u>	<u>125</u>	<u>8,424</u>
<u>\$ 8,036</u>	<u>\$ 1,597</u>	<u>\$ (1,573)</u>	<u>\$ 72</u>	<u>\$ 330</u>	<u>\$ 7,789</u>

TRUST AND AGENCY FUNDS

Trust and agency funds are used to account for assets held by the State of Nebraska in a fiduciary capacity. The State has the following trust and agency funds:

EXPENDABLE TRUST FUNDS

Unemployment Compensation Fund. This fund accounts for the State's unemployment compensation benefits. Revenues consist of taxes assessed on employers to pay benefits to qualified unemployed persons.

Deferred Compensation Fund. This fund accounts for activities in the State's deferred compensation plan organized in accordance with Section 457 of the Internal Revenue Code.

Second Injury Fund. This fund accounts for assessments from insurance carriers and self-insurers. Compensation payments are made to employees on the basis of combined disabilities, part of which were pre-existing at the time of employment.

Vocational Rehabilitation Fund. This fund provides rehabilitation services to employees to restore the employee to gainful employment. Funding comes from assessments to insurance companies and self-insurers.

Canteen and Welfare Fund. This fund provides general entertainment at correctional facilities for youth and adult offenders. Revenues are from vending sales, projects, donations and gifts.

Escheat Trust Fund. This fund makes payments to rightful owners for financial assets turned over to the State Treasurer because the assets were left unclaimed at corporations, business associations, banking and financial organizations, insurance companies, utilities and public authorities. If the rightful owners cannot be located, excess funds are transferred to the Permanent School Fund.

Other Expendable Trust Funds. Amos Trust, Agriculture and University Land Lease, Public Service Commission Trust Account, and Miscellaneous Expendable Trust.

NONEXPENDABLE TRUST FUNDS

Aeronautics Trust Fund. This fund receives proceeds from the sale of state-owned airfields. Investment income is used to pay for expenses of the Department of Aeronautics.

Nebraska Veterans' Aid Fund. This fund accounts for the investment activity of a General Fund contribution made in a prior year. Earnings on the investment are used to provide emergency financial assistance to eligible veterans and dependents.

Permanent School Fund. This fund receives proceeds from any sale of the school lands held in trust for public education, payments for easements and rights-of-way over these lands, royalties and severance taxes paid on oil, gas and minerals produced from this lands, escheats, unclaimed property and other items provided by law. The net income earned on this fund is distributed annually to the K - 12 public schools by the Commissioner of Education as provided by law.

Permanent Endowment Fund. This fund receives the proceeds of sales of land and investments endowed to the University by the Federal Government. This fund is under the control of the Board of Educational Lands and Funds, which is a part of the primary government. Income on these funds is used for support and maintenance of the University.

Agriculture Endowment Fund. This fund receives the proceeds of sales of land and investments endowed to the University Agriculture College by the Federal Government. This fund is under the control of the Board of Educational Lands and Funds, which is a part of the primary government. Income from this fund is used for support and maintenance of the Agriculture College.

Other Nonexpendable Trust Funds. Normal School Endowment, J.J. Soukup, and Miscellaneous Nonexpendable Trust.

PENSION TRUST FUNDS

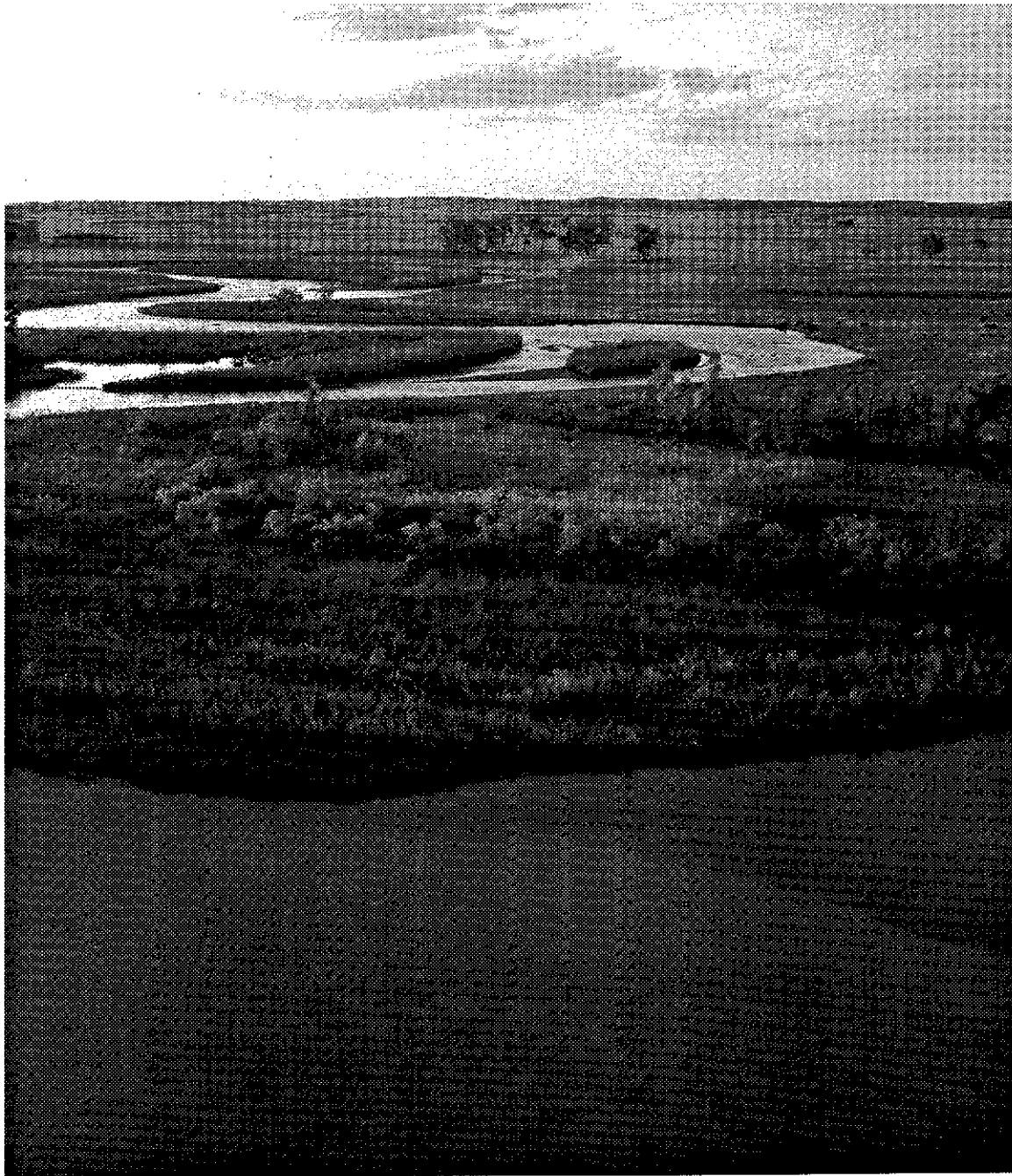
State Employees' Retirement, County Employees' Retirement, Judges' Retirement, State Patrol Retirement, and School Retirement Systems.

AGENCY FUNDS

Local Government Fund. This fund receives money for redistribution to counties and other political subdivisions.

Payroll Withholding Fund. This fund receives all payroll funds needed to pay employees, the Federal Government, other State agencies, and payroll vendors.

Other Agency Funds. Ohio College Library Service, Severance Tax Fund, Court Ordered Settlement, College Savings Plan of Nebraska, County Court Trust Funds, the Department of Correctional Services Inmate Trust Funds, and the Department of Public Institutions Trust Funds.



North Loup River below Brewster

State of Nebraska

COMBINING BALANCE SHEET

ALL TRUST AND AGENCY FUNDS

June 30, 2001

(Dollars in Thousands)	EXPENDABLE TRUST	NONEXPENDABLE TRUST	PENSION TRUST	AGENCY	TOTALS
ASSETS:					
Cash and Cash Equivalents	\$ 219,407	\$ 26,535	\$ 5,903	\$ 96,642	\$ 348,487
Investments	118,994	315,859	5,420,426	-	5,855,279
Invested Securities Lending Collateral	-	2,613	268,352	-	270,965
Loans, Accounts and Other Receivables, net	18,907	2,380	32,865	582	54,734
Due from Other Funds	446	4	15,494	-	15,944
Property, Plant, and Equipment, net	-	-	814	-	814
Other	2,284	3,000	-	-	5,284
TOTAL ASSETS	\$ 360,038	\$ 350,391	\$ 5,743,854	\$ 97,224	\$ 6,551,507
LIABILITIES AND FUND BALANCES:					
LIABILITIES:					
Accounts Payable and Accrued Liabilities	\$ 11,093	\$ 189	\$ 4,163	\$ 9,612	\$ 25,057
Due to Other Governments	-	-	-	42,415	42,415
Deposits	546	307	-	-	853
Due to Other Funds	6	484	24	4,019	4,533
Obligations under Securities Lending	-	2,613	268,352	-	270,965
Claims Payable	11,842	-	-	-	11,842
Capital Lease Obligations	-	-	974	-	974
Accrued Compensated Absences	-	-	156	-	156
Other	170	-	-	41,178	41,348
TOTAL LIABILITIES	23,657	3,593	273,669	97,224	398,143
FUND BALANCES:					
Reserved For:					
Unemployment Compensation Benefits	209,025	-	-	-	209,025
Deferred Compensation Benefits	118,999	-	-	-	118,999
Endowment Principal	-	316,398	-	-	316,398
Pension Benefits	-	-	5,470,185	-	5,470,185
Other Specific Purposes	8,357	-	-	-	8,357
Restricted for Aid	-	30,400	-	-	30,400
TOTAL FUND BALANCES	336,381	346,798	5,470,185	-	6,153,364
TOTAL LIABILITIES AND FUND BALANCES	\$ 360,038	\$ 350,391	\$ 5,743,854	\$ 97,224	\$ 6,551,507

State of Nebraska

COMBINING BALANCE SHEET **EXPENDABLE TRUST FUNDS**

June 30, 2001

(Dollars in Thousands)

	UNEMPLOYMENT COMPENSATION	DEFERRED COMPENSATION	SECOND INJURY
ASSETS:			
Cash and Cash Equivalents	\$ 204,527	\$ 2	\$ -
Investments	-	118,994	-
Other Receivables, net of allowance	18,652	3	-
Due from Other Funds	-	-	-
Other	-	-	-
TOTAL ASSETS	\$ 223,179	\$ 118,999	\$ -
LIABILITIES AND FUND BALANCES			
LIABILITIES:			
Accounts Payable and Accrued Liabilities	\$ 2,179	\$ -	\$ -
Deposits	11	-	-
Due to Other Funds	-	-	-
Claims Payable	11,842	-	-
Other	122	-	-
TOTAL LIABILITIES	14,154	-	-
FUND BALANCES:			
Reserved for:			
Unemployment Compensation Benefits	209,025	-	-
Deferred Compensation Benefits	-	118,999	-
Other Specific Purposes	-	-	-
TOTAL FUND BALANCES	209,025	118,999	-
TOTAL LIABILITIES AND FUND BALANCES	\$ 223,179	\$ 118,999	\$ -

VOCATIONAL REHABILITATION	CANTEEN AND WELFARE	ESCHEAT TRUST	OTHER	TOTALS
\$ 5,241	\$ 2,095	\$ 6,434	\$ 1,108	\$ 219,407
-	-	-	-	118,994
84	32	103	33	18,907
-	-	446	-	446
-	-	1,749	535	2,284
<u>\$ 5,325</u>	<u>\$ 2,127</u>	<u>\$ 8,732</u>	<u>\$ 1,676</u>	<u>\$ 360,038</u>
\$ -	\$ 169	\$ 8,730	\$ 15	\$ 11,093
-	-	-	535	546
-	-	2	4	6
-	-	-	-	11,842
-	48	-	-	170
<u>-</u>	<u>217</u>	<u>8,732</u>	<u>554</u>	<u>23,657</u>
-	-	-	-	209,025
-	-	-	-	118,999
<u>5,325</u>	<u>1,910</u>	<u>-</u>	<u>1,122</u>	<u>8,357</u>
<u>5,325</u>	<u>1,910</u>	<u>-</u>	<u>1,122</u>	<u>336,381</u>
<u>\$ 5,325</u>	<u>\$ 2,127</u>	<u>\$ 8,732</u>	<u>\$ 1,676</u>	<u>\$ 360,038</u>

State of Nebraska

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES EXPENDABLE TRUST FUNDS

For the Year Ended June 30, 2001

(Dollars in Thousands)

	UNEMPLOYMENT COMPENSATION	DEFERRED COMPENSATION	SECOND INJURY
REVENUES:			
Unemployment Taxes	\$ 56,509	\$ -	\$ -
Charges for Services	-	-	-
Participant Contributions	-	6,683	-
Investment Income (Loss)	13,566	(12,327)	17
Rents and Royalties	-	-	-
Escheat Revenue	-	-	-
Donations	-	-	-
Other	3	55	-
TOTAL REVENUES	<u>70,078</u>	<u>(5,589)</u>	<u>17</u>
EXPENDITURES:			
General Government	105	211	-
Education	-	-	-
Health and Social Services	-	-	-
Unemployment Claims	80,493	-	-
Deferred Compensation Benefits	-	6,277	-
TOTAL EXPENDITURES	<u>80,598</u>	<u>6,488</u>	<u>-</u>
Excess of Revenues Over (Under) Expenditures	<u>(10,520)</u>	<u>(12,077)</u>	<u>17</u>
OTHER FINANCING SOURCES (USES):			
Operating Transfers In	-	-	-
Operating Transfers Out	-	-	(3,943)
Proceeds from Capital Leases	-	13	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>13</u>	<u>(3,943)</u>
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	<u>(10,520)</u>	<u>(12,064)</u>	<u>(3,926)</u>
FUND BALANCES, JULY 1	<u>219,545</u>	<u>131,063</u>	<u>3,926</u>
FUND BALANCES, JUNE 30	<u><u>\$ 209,025</u></u>	<u><u>\$ 118,999</u></u>	<u><u>\$ -</u></u>

VOCATIONAL REHABILITATION	CANTEEN AND WELFARE	ESCHEAT TRUST	OTHER	TOTALS
\$ -	\$ -	\$ -	\$ -	\$ 56,509
27	4,333	-	-	4,360
-	-	-	-	6,683
326	118	273	63	2,036
-	6	-	311	317
-	-	5,632	-	5,632
-	134	-	277	411
-	78	-	-	136
<u>353</u>	<u>4,669</u>	<u>5,905</u>	<u>651</u>	<u>76,084</u>
-	-	465	-	781
-	-	-	718	718
1,276	4,501	-	-	5,777
-	-	-	-	80,493
-	-	-	-	6,277
<u>1,276</u>	<u>4,501</u>	<u>465</u>	<u>718</u>	<u>94,046</u>
<u>(923)</u>	<u>168</u>	<u>5,440</u>	<u>(67)</u>	<u>(17,962)</u>
3,943	-	-	-	3,943
-	-	(5,440)	-	(9,383)
-	-	-	-	13
<u>3,943</u>	<u>-</u>	<u>(5,440)</u>	<u>-</u>	<u>(5,427)</u>
3,020	168	-	(67)	(23,389)
<u>2,305</u>	<u>1,742</u>	<u>-</u>	<u>1,189</u>	<u>359,770</u>
<u>\$ 5,325</u>	<u>\$ 1,910</u>	<u>\$ -</u>	<u>\$ 1,122</u>	<u>\$ 336,381</u>

State of Nebraska
COMBINING BALANCE SHEET
NONEXPENDABLE TRUST FUNDS
June 30, 2001

(Dollars in Thousands)

	AERONAUTICS TRUST	NEBRASKA VETERANS AID
ASSETS:		
Cash and Cash Equivalents	\$ 36	\$ 1,346
Investments	6,270	28,644
Invested Securities Lending Collateral	2,201	38
Other Receivables, net of allowance	79	192
Due from Other Funds	-	-
Other	-	-
TOTAL ASSETS	<u>\$ 8,586</u>	<u>\$ 30,220</u>
 LIABILITIES AND FUND BALANCES		
LIABILITIES:		
Accounts Payable and Accrued Liabilities	\$ -	\$ -
Deposits	-	-
Due to Other Funds	36	-
Obligations under Securities Lending	<u>2,201</u>	<u>38</u>
TOTAL LIABILITIES	<u>2,237</u>	<u>38</u>
 FUND BALANCES:		
Reserved for Endowment Principal	6,349	28,644
Restricted for Aid	-	1,538
TOTAL FUND BALANCES	<u>6,349</u>	<u>30,182</u>
 TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 8,586</u>	<u>\$ 30,220</u>

PERMANENT SCHOOL FUND	PERMANENT ENDOWMENT	AGRICULTURE ENDOWMENT	OTHER	TOTALS
\$ 24,473	\$ 228	\$ 67	\$ 385	\$ 26,535
278,019	787	1,729	410	315,859
371	-	3	-	2,613
2,078	8	11	12	2,380
4	-	-	-	4
3,000	-	-	-	3,000
<u>\$ 307,945</u>	<u>\$ 1,023</u>	<u>\$ 1,810</u>	<u>\$ 807</u>	<u>\$ 350,391</u>
\$ 163	\$ 8	\$ 16	\$ 2	\$ 189
82	-	-	225	307
448	-	-	-	484
371	-	3	-	2,613
<u>1,064</u>	<u>8</u>	<u>19</u>	<u>227</u>	<u>3,593</u>
278,019	1,015	1,791	580	316,398
28,862	-	-	-	30,400
<u>306,881</u>	<u>1,015</u>	<u>1,791</u>	<u>580</u>	<u>346,798</u>
<u>\$ 307,945</u>	<u>\$ 1,023</u>	<u>\$ 1,810</u>	<u>\$ 807</u>	<u>\$ 350,391</u>

State of Nebraska

COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND BALANCES NONEXPENDABLE TRUST FUNDS

For the Year Ended June 30, 2000

(Dollars in Thousands)

	AERONAUTICS TRUST	NEBRASKA VETERANS AID
OPERATING REVENUES:		
Investment Income (Loss)	\$ 748	\$ (793)
Rents and Royalties	-	-
Other	-	5
TOTAL OPERATING REVENUES	<u>748</u>	<u>(788)</u>
OPERATING EXPENSES:		
Personal Services	-	-
Services and Supplies	125	40
Financial Assistance	-	1,503
Intergovernmental	-	-
TOTAL OPERATING EXPENSES	<u>125</u>	<u>1,543</u>
Operating Income	623	(2,331)
OPERATING TRANSFERS:		
Operating Transfers In	-	-
Operating Transfers Out	(456)	-
Net Income (Loss)	167	(2,331)
FUND BALANCES, JULY 1	<u>6,182</u>	<u>32,513</u>
FUND BALANCES, JUNE 30	<u><u>\$ 6,349</u></u>	<u><u>\$ 30,182</u></u>

PERMANENT SCHOOL FUND	PERMANENT ENDOWMENT	AGRICULTURE ENDOWMENT	OTHER	TOTALS
\$ (7,038)	\$ (11)	\$ (49)	\$ 47	\$ (7,096)
23,713	-	-	-	23,713
1,079	-	-	-	1,084
<u>17,754</u>	<u>(11)</u>	<u>(49)</u>	<u>47</u>	<u>17,701</u>
1,326	-	-	-	1,326
1,595	32	72	22	1,886
-	-	-	-	1,503
30,632	-	-	-	30,632
<u>33,553</u>	<u>32</u>	<u>72</u>	<u>22</u>	<u>35,347</u>
(15,799)	(43)	(121)	25	(17,646)
5,440	-	-	-	5,440
-	-	-	-	(456)
<u>(10,359)</u>	<u>(43)</u>	<u>(121)</u>	<u>25</u>	<u>(12,662)</u>
317,240	1,058	1,912	555	359,460
<u>\$ 306,881</u>	<u>\$ 1,015</u>	<u>\$ 1,791</u>	<u>\$ 580</u>	<u>\$ 346,798</u>

State of Nebraska
COMBINING STATEMENT OF CASH FLOWS
NONEXPENDABLE TRUST FUNDS
For the Year Ended June 30, 2001

(Dollars in Thousands)

	AERONAUTICS TRUST	NEBRASKA VETERANS AID
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash Received from Customers	\$ -	\$ 5
Cash Received from Interfund Charges	-	-
Cash Paid to Employees	-	-
Cash Paid to Suppliers	(125)	(49)
Cash Paid for Financial Assistance	-	(1,503)
Cash Paid for Intergovernmental	-	-
Cash Paid for Interfund Services	-	-
NET CASH FLOWS FROM OPERATING ACTIVITIES	<u>(125)</u>	<u>(1,547)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Operating Transfers In	-	-
Operating Transfers Out	(460)	-
NET CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	<u>(460)</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of Investment Securities	(2,179)	(83,125)
Proceeds from Sale of Investment Securities	2,200	82,976
Interest and Dividend Income	560	1,460
NET CASH FLOWS FROM INVESTING ACTIVITIES	<u>581</u>	<u>1,311</u>
NET INCREASE (DECREASE) IN CASH	(4)	(236)
CASH AND CASH EQUIVALENTS, JULY 1	<u>40</u>	<u>1,582</u>
CASH AND CASH EQUIVALENTS, JUNE 30	<u>\$ 36</u>	<u>\$ 1,346</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH FLOWS FROM OPERATING ACTIVITIES:		
Operating Income	\$ 623	\$ (2,331)
Adjustments to reconcile operating income to net cash flows from operating activities:		
Investment Income	(748)	793
Change in Assets and Liabilities:		
(Increase) Decrease in Accounts Receivable	-	-
(Increase) Decrease in Due from Other Funds	-	-
Increase (Decrease) in Accounts Payable and Accrued Liabilities	-	(9)
Increase (Decrease) in Deposits	-	-
Increase (Decrease) in Due to Other Funds	-	-
Total Adjustments	<u>(748)</u>	<u>784</u>
NET CASH FLOWS FROM OPERATING ACTIVITIES	<u>\$ (125)</u>	<u>\$ (1,547)</u>
NONCASH TRANSACTIONS (dollars in thousands):		
Noncash transactions are investing and financing activities that affect assets and liabilities but do not result in cash receipts or payments.		
The following noncash transactions occurred during the year:		
Change in Fair Value of Investments	<u>\$ 184</u>	<u>\$ (6,072)</u>

PERMANENT SCHOOL FUND	PERMANENT ENDOWMENT	AGRICULTURE ENDOWMENT	OTHER	TOTALS
\$ 24,803	\$ -	\$ -	\$ -	\$ 24,808
22	-	-	-	22
(1,326)	-	-	-	(1,326)
(1,464)	(32)	(74)	(22)	(1,766)
-	-	-	-	(1,503)
(30,632)	-	-	-	(30,632)
(102)	-	-	-	(102)
<u>(8,699)</u>	<u>(32)</u>	<u>(74)</u>	<u>(22)</u>	<u>(10,499)</u>
2,611	-	-	-	2,611
-	-	-	-	(460)
<u>2,611</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,151</u>
(806,824)	(2,281)	(5,018)	(637)	(900,064)
805,380	2,275	5,010	634	898,475
14,696	51	86	48	16,901
<u>13,252</u>	<u>45</u>	<u>78</u>	<u>45</u>	<u>15,312</u>
7,164	13	4	23	6,964
17,309	215	63	362	19,571
<u>\$ 24,473</u>	<u>\$ 228</u>	<u>\$ 67</u>	<u>\$ 385</u>	<u>\$ 26,535</u>
\$ (15,799)	\$ (43)	\$ (121)	\$ 25	\$ (17,646)
7,038	11	49	(47)	7,096
23	-	-	-	23
10	-	-	-	10
18	-	(2)	-	7
14	-	-	-	14
(3)	-	-	-	(3)
<u>7,100</u>	<u>11</u>	<u>47</u>	<u>(47)</u>	<u>7,147</u>
<u>\$ (8,699)</u>	<u>\$ (32)</u>	<u>\$ (74)</u>	<u>\$ (22)</u>	<u>\$ (10,499)</u>
<u>\$ (58,939)</u>	<u>\$ (167)</u>	<u>\$ (367)</u>	<u>\$ (29)</u>	<u>\$ (65,390)</u>

State of Nebraska

COMBINING STATEMENT OF PLAN NET ASSETS PENSION TRUST FUNDS

June 30, 2001

(Dollars in Thousands)

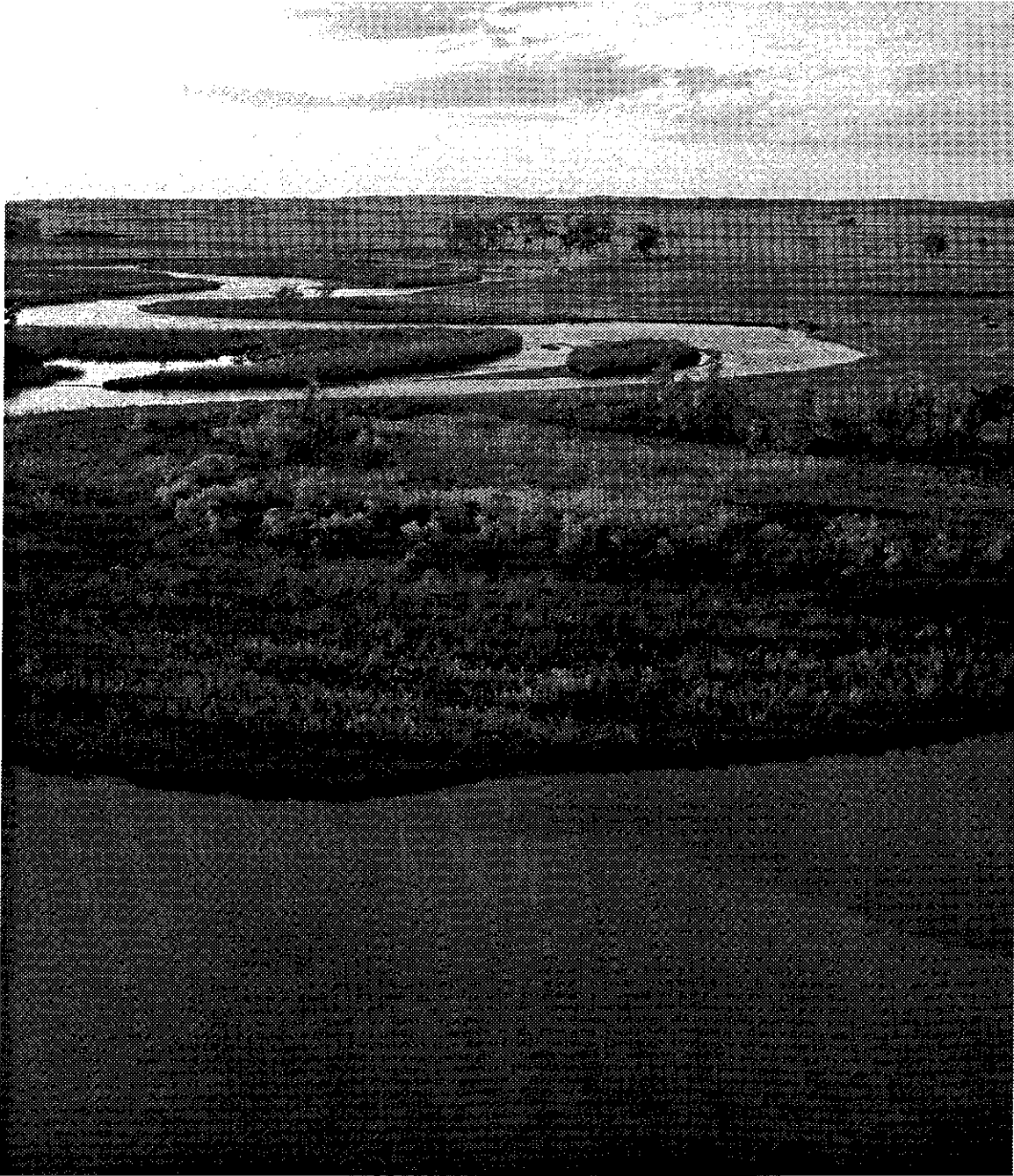
	STATE EMPLOYEES RETIREMENT	COUNTY EMPLOYEES RETIREMENT	SCHOOL RETIREMENT	JUDGES RETIREMENT	STATE PATROL RETIREMENT	TOTALS
ASSETS:						
Cash and Cash Equivalents	\$ 52	\$ 32	\$ 5,722	\$ 34	\$ 63	\$ 5,903
Investments:						
U.S. Government Securities	-	-	725,497	14,438	33,125	773,060
Corporate Bonds	-	-	621,087	12,361	28,357	661,805
Equity Securities	-	-	1,125,081	22,390	51,368	1,198,839
Foreign Government Securities	-	-	20,578	410	940	21,928
Municipal Bonds	-	-	9,031	180	412	9,623
Pooled Investment Contracts	745,689	174,347	-	-	-	920,036
Mutual Funds	-	-	1,722,228	34,274	78,633	1,835,135
Total Investments	745,689	174,347	4,223,502	84,053	192,835	5,420,426
Invested Securities Lending Collateral	1,084	252	250,588	4,987	11,441	268,352
Receivables:						
Contributions	3	420	10,606	49	-	11,078
Interest and Dividends	735	172	19,601	388	891	21,787
Total Receivables	738	592	30,207	437	891	32,865
Due from Other Funds	-	-	14,682	134	678	15,494
Property, Plant, and Equipment, net	-	-	792	11	11	814
TOTAL ASSETS	<u>747,563</u>	<u>175,223</u>	<u>4,525,493</u>	<u>89,656</u>	<u>205,919</u>	<u>5,743,854</u>
LIABILITIES:						
Accounts Payable and Accrued Liabilities	105	25	3,974	18	41	4,163
Due to Other Funds	2	-	22	-	-	24
Obligations under Securities Lending	1,084	252	250,588	4,987	11,441	268,352
Capital Lease Obligations	-	-	948	13	13	974
Accrued Compensated Absences	20	14	116	3	3	156
TOTAL LIABILITIES	<u>1,211</u>	<u>291</u>	<u>255,648</u>	<u>5,021</u>	<u>11,498</u>	<u>273,669</u>
FUND BALANCES RESERVED FOR PENSION BENEFITS (See Schedules of Funding Progress in Note 12)	<u>\$ 746,352</u>	<u>\$ 174,932</u>	<u>\$ 4,269,845</u>	<u>\$ 84,635</u>	<u>\$ 194,421</u>	<u>\$ 5,470,185</u>

State of Nebraska

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES ALL AGENCY FUNDS

For the Year Ended June 30, 2001

(Dollars in Thousands)	BALANCE JULY 1, 2000	ADDITIONS	REDUCTIONS	BALANCE JUNE 30, 2001
LOCAL GOVERNMENT FUND				
ASSETS				
Cash and Cash Equivalents	\$ 45,528	\$ 284,720	\$ 288,529	\$ 41,719
Other Receivables, net of allowance	431	2,007	1,985	453
TOTAL ASSETS	<u>\$ 45,959</u>	<u>\$ 286,727</u>	<u>\$ 290,514</u>	<u>\$ 42,172</u>
LIABILITIES				
Due to Other Governments	<u>\$ 45,959</u>	<u>\$ 286,727</u>	<u>\$ 290,514</u>	<u>\$ 42,172</u>
PAYROLL WITHHOLDING FUND				
ASSETS				
Cash and Cash Equivalents	<u>\$ 4,453</u>	<u>\$ 1,701,466</u>	<u>\$ 1,692,045</u>	<u>\$ 13,874</u>
LIABILITIES				
Due to Other Governments	\$ 144	\$ 285,304	\$ 285,205	\$ 243
Employee Withholding and State Contributions	525	1,371,468	1,362,381	9,612
Due to Other Funds	3,784	44,693	44,458	4,019
TOTAL LIABILITIES	<u>\$ 4,453</u>	<u>\$ 1,701,465</u>	<u>\$ 1,692,044</u>	<u>\$ 13,874</u>
OTHER FUNDS				
ASSETS				
Cash and Cash Equivalents	\$ 24,890	\$ 132,484	\$ 116,325	\$ 41,049
Other Receivables, net of allowance	82	399	352	129
TOTAL ASSETS	<u>\$ 24,972</u>	<u>\$ 132,883</u>	<u>\$ 116,677</u>	<u>\$ 41,178</u>
LIABILITIES				
Other	<u>\$ 24,972</u>	<u>\$ 132,883</u>	<u>\$ 116,677</u>	<u>\$ 41,178</u>
TOTALS - ALL AGENCY FUNDS				
ASSETS				
Cash and Cash Equivalents	\$ 74,871	\$ 2,118,670	\$ 2,096,899	\$ 96,642
Other Receivables, net of allowance	513	2,406	2,337	582
TOTAL ASSETS	<u>\$ 75,384</u>	<u>\$ 2,121,076</u>	<u>\$ 2,099,236</u>	<u>\$ 97,224</u>
LIABILITIES				
Due to Other Governments	\$ 46,103	\$ 572,031	\$ 575,719	\$ 42,415
Employee Withholding and State Contributions	525	1,371,468	1,362,381	9,612
Due to Other Funds	3,784	44,693	44,458	4,019
Other	24,972	132,883	116,677	41,178
TOTAL LIABILITIES	<u>\$ 75,384</u>	<u>\$ 2,121,075</u>	<u>\$ 2,099,235</u>	<u>\$ 97,224</u>



North Loup River below Brewster

GENERAL FIXED ASSETS ACCOUNT GROUP

The General Fixed Assets Account Group is maintained to account for fixed assets acquired or constructed for used by the State, other than those accounted for in proprietary funds, fiduciary funds, and College and University funds.

State of Nebraska
SCHEDULE OF GENERAL FIXED ASSETS
BY FUNCTION
June 30, 2001

(Dollars in Thousands)

FUNCTION	LAND	BUILDINGS	EQUIPMENT	TOTALS
General Government	\$ 2,395	\$ 68,787	\$ 1,621	\$ 72,803
Conservation of Natural Resources	38,689	26,822	22,536	88,047
Culture – Recreation	1,510	5,433	180	7,123
Economic Development and Assistance	146	15,752	1,955	17,853
Education	-	23,140	24,564	47,704
Health and Social Services	77	40,570	8,122	48,769
Public Safety	1,388	95,427	25,955	122,770
Regulation of Business and Professions	-	-	3,386	3,386
Transportation	858	28,944	120,235	150,037
TOTAL BY FUNCTION	<u>\$ 45,063</u>	<u>\$ 304,875</u>	<u>\$ 208,554</u>	558,492
Construction in progress				119,997
TOTAL GENERAL FIXED ASSETS				<u>\$ 678,489</u>

State of Nebraska
SCHEDULE OF CHANGES IN GENERAL FIXED ASSETS
BY FUNCTION
For the Year Ended June 30, 2001

(Dollars in Thousands)

FUNCTION	BALANCE JULY 1, 2000	ADDITIONS	DELETIONS	BALANCE JUNE 30, 2001
General Government	\$ 67,524	\$ 5,540	\$ 261	\$ 72,803
Conservation of Natural Resources	78,484	10,526	963	88,047
Culture – Recreation	7,100	29	6	7,123
Economic Development and Assistance	17,816	208	171	17,853
Education	53,148	1,995	7,439	47,704
Health and Social Services	52,420	943	4,594	48,769
Public Safety	121,069	3,122	1,421	122,770
Regulation of Business and Professions	3,127	464	205	3,386
Transportation	137,391	18,575	5,929	150,037
TOTAL BY FUNCTION	538,079	41,402	20,989	558,492
Construction in progress	82,464	46,692	9,159	119,997
TOTAL GENERAL FIXED ASSETS	<u>\$ 620,543</u>	<u>\$ 88,094</u>	<u>\$ 30,148</u>	<u>\$ 678,489</u>

State of Nebraska

SCHEDULE OF GENERAL FIXED ASSETS BY SOURCE

June 30, 2001

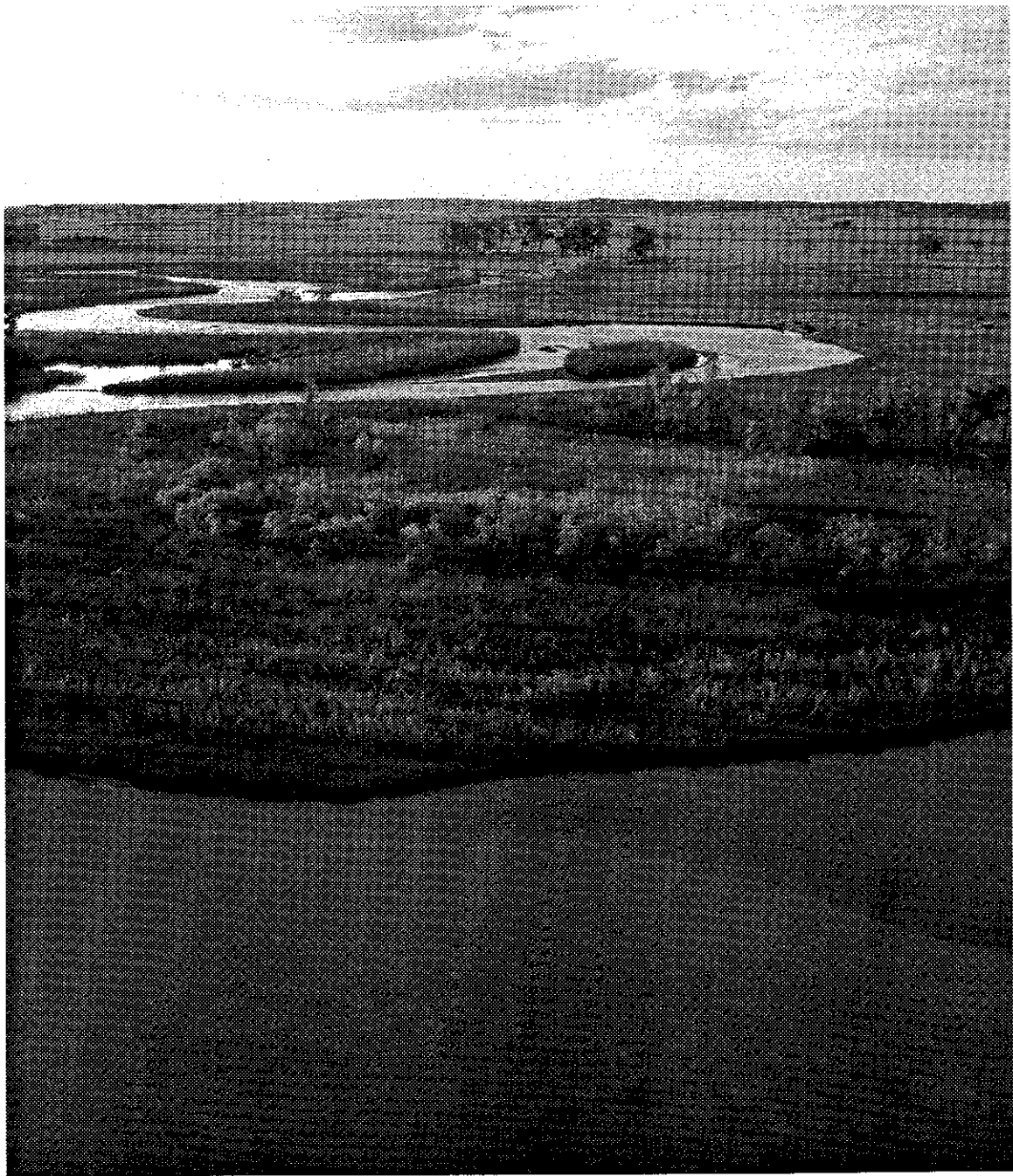
(Dollars in Thousands)

GENERAL FIXED ASSETS:

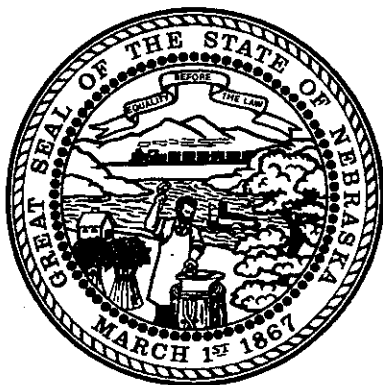
Land	\$ 45,063
Buildings	304,875
Equipment	208,554
Construction In Progress	<u>119,997</u>
TOTAL GENERAL FIXED ASSETS	<u>\$ 678,489</u>

INVESTMENT IN GENERAL FIXED ASSETS:

General Fund	\$ 158,607
Special Revenue Funds	205,293
Capital Projects Funds	197,254
Trust and Agency Funds	1,158
Donations	10,815
Original Inventory – Source Uncertain	<u>105,362</u>
TOTAL INVESTMENT IN GENERAL FIXED ASSETS	<u>\$ 678,489</u>



North Loup River below Brewster



STATISTICAL SECTION

The Statistical Section presents comparative data for the past ten years, and other pertinent information involving taxes, revenues, expenditures, demographic data and other miscellaneous statistics.

The statistical data is presented to give report users a better historical perspective and assist in assessing current financial status and trends of the governmental unit. Economic data is presented to allow a broader understanding of the economic and social environment in which State government operates.

State of Nebraska

TEN YEAR SCHEDULE OF REVENUES AND EXPENDITURES – ALL GOVERNMENTAL FUND TYPES

1992 – 2001

(Dollars in Thousands)

	1992	1993	1994	1995
REVENUES:				
Taxes:				
Income	\$ 758,832	\$ 780,823	\$ 835,934	\$ 867,037
Sales and Use	664,202	653,455	746,429	774,012
Petroleum	221,485	227,228	247,134	255,278
Excise	73,105	77,693	92,912	93,822
Business and Franchise	35,799	35,591	44,140	42,786
Other	5,325	19,782	17,980	13,616
Total Taxes	<u>1,758,748</u>	<u>1,794,572</u>	<u>1,984,529</u>	<u>2,046,551</u>
Federal Grants and Contracts	828,356	859,581	978,526	1,112,819
Licenses, Fees and Permits	100,340	106,958	123,279	131,832
Charges for Services	44,440	47,965	62,069	69,008
Investment Income	36,396	24,320	24,100	34,091
Rents and Royalties	6,870	6,265	7,212	7,787
Other	18,597	27,331	35,737	39,478
TOTAL REVENUES	<u>\$ 2,793,747</u>	<u>\$ 2,866,992</u>	<u>\$ 3,215,452</u>	<u>\$ 3,441,566</u>
EXPENDITURES:				
Current:				
General Government	\$ 69,351	\$ 70,275	\$ 72,535	\$ 77,080
Conservation of Natural Resources	51,027	55,860	58,582	62,144
Culture – Recreation	13,755	14,501	14,912	17,309
Economic Development and Assistance	54,401	55,684	54,401	59,904
Education	628,539	653,332	684,364	740,086
Health and Social Services	891,526	967,959	1,101,264	1,241,041
Public Safety	120,773	109,404	155,750	166,367
Regulation of Business and Professions	38,100	40,647	44,290	46,508
Transportation	477,160	511,154	543,010	569,731
Intergovernmental	157,538	124,316	93,941	90,287
Capital Projects	4,639	10,552	3,886	3,234
Debt Service	1,201	1,221	2,413	2,579
TOTAL EXPENDITURES	<u>\$ 2,508,010</u>	<u>\$ 2,614,905</u>	<u>\$ 2,829,348</u>	<u>\$ 3,076,270</u>

SOURCE: Department of Administrative Services, Accounting Division.
Nebraska Comprehensive Annual Financial Report

1996	1997	1998	1999	2000	2001
\$ 947,508	\$ 1,075,095	\$ 1,121,849	\$ 1,199,499	\$ 1,310,210	\$ 1,374,256
824,590	857,684	910,437	868,620	1,083,692	1,068,832
240,605	266,852	269,761	266,419	280,700	291,545
99,007	93,715	94,557	94,142	95,324	86,518
32,435	33,195	31,486	40,396	42,095	56,420
16,097	22,679	25,480	24,590	27,735	35,621
<u>2,160,242</u>	<u>2,349,220</u>	<u>2,453,570</u>	<u>2,493,666</u>	<u>2,839,756</u>	<u>2,913,192</u>
1,191,748	1,130,846	1,263,946	1,400,439	1,557,699	1,591,531
138,288	145,598	146,128	154,352	160,915	159,338
75,372	73,571	68,634	75,343	78,647	81,691
41,187	56,258	77,317	55,877	70,163	121,870
7,934	9,015	9,598	10,249	10,375	9,998
37,553	44,453	68,571	109,442	175,356	145,790
<u>\$ 3,652,324</u>	<u>\$ 3,808,961</u>	<u>\$ 4,087,764</u>	<u>\$ 4,299,368</u>	<u>\$ 4,892,911</u>	<u>\$ 5,023,410</u>
\$ 74,523	\$ 94,022	\$ 92,498	\$ 95,547	\$ 108,278	\$ 113,788
66,495	67,638	73,637	82,049	95,824	94,481
17,714	20,094	21,311	22,588	22,754	24,059
64,202	68,133	71,240	74,672	80,559	81,045
765,638	798,440	824,594	1,001,664	1,049,487	1,055,402
1,331,763	1,341,460	1,467,679	1,645,380	1,792,984	1,958,926
152,065	152,321	170,797	177,519	189,850	197,363
49,458	44,464	42,367	42,930	68,044	81,855
622,521	622,525	600,750	658,429	759,972	670,771
87,286	91,544	94,841	107,443	106,795	154,425
4,288	11,899	18,404	23,177	66,478	45,321
2,814	3,298	3,467	5,897	14,353	4,824
<u>\$ 3,238,767</u>	<u>\$ 3,315,838</u>	<u>\$ 3,481,585</u>	<u>\$ 3,937,295</u>	<u>\$ 4,355,378</u>	<u>\$ 4,482,260</u>

State of Nebraska
SCHEDULE OF BUDGETARY FUND
CONVERSION TABLE
For the Year Ended June 30, 2001

FINANCIAL STATEMENT FUND TYPE	FINANCIAL STATEMENT FUND TITLE	AGENCY	FUND NUMBERS
General	General	State Treasurer	Funds 1000, 1100
Special Revenue	Licensing and Regulation	Secretary of State	Funds 2091, 2092
		Department of Agriculture	Funds 2075, 2076, 2079, 2080, 2081, 2082, 2085, 2087, 2088, 2089, 2178, 2181, 2182, 2185, 2187, 2188, 2196
		Department of Education	Funds 2131, 2139, 2148
		Public Service Commission	Funds 2140, 2141, 2142, 2143, 2144, 2145, 2146, 2169, 2170, 2176, 2431
		Department of Revenue	Funds 2159, 2162, 2166, 2167, 2169, 2170, 2176, 2431
		Department of Banking and Finance	Funds 2191, 2192
		Health and Human Services System	Funds 2263, 2800
		Fire Marshall	Fund 2211
		Department of Insurance	Funds 2221, 6223
		Department of Labor	Funds 2230, 2231, 2234, 2235, 2236, 2237
		Electrical Board	Fund 2121
		Racing Commission	Funds 2361, 2362, 2364
		Brand Committee	Fund 2391
		Motor Vehicle Industry Licensing Board	Fund 2401
		Real Estate Commission	Fund 2411
		Board of Barber Examiners	Fund 2451
		Real Estate Appraiser Board	Fund 2531
		Oil & Gas Conservation Commission	Fund 2571
		Board of Examiners for Professional Engineers and Architects	Fund 2581
		Board of Geologists	Fund 2591
		Board of Examiners for Land Surveyors	Fund 2621
		Board of Public Accountancy	Fund 2631
		Abstracters Board of Examiners	Fund 2661
		Board of Examiners for Landscape Architects	Fund 2731
		Power Review Board	Fund 2741
		Department of Environmental Quality	Funds 2833, 2835, 2838, 2841, 2842, 2843, 2844, 2845, 2847, 2849
	Highway	State Treasurer	Funds 6124, 6246
		Department of Revenue	Fund 7162
		Department of Motor Vehicles	Funds 2243, 2244, 7241
		Department of Roads	Funds 2270, 2271, 2272, 2671, 2672, 6271, 7757
	Economic Development	Department of Agriculture	Funds 2083, 2084, 2180, 2184, 2197
		Wheat Development, Utilization, and Marketing Board	Fund 2950
		Dairy Industry Development Board	Fund 2610
		Oil & Gas Conservation Commission	Fund 6571
		Ethanol Board	Funds 2160, 2602
		Department of Economic Development	Funds 2183, 2186, 2331, 2721, 2723, 2724, 2727
		Dry Bean Development	Fund 2860
		Corn Development, Utilization, and Marketing Board	Fund 2189

SCHEDULE OF BUDGETARY FUND CONVERSION TABLE (Continued)

For the Year Ended June 30, 2001

FINANCIAL STATEMENT FUND TYPE	FINANCIAL STATEMENT FUND TITLE	AGENCY	FUND NUMBERS
Special Revenue (Cont'd.)	Economic Development (Cont'd.)	Railway Council	Funds 2901, 5901
		Grain Sorghum Development, Utilization, and Marketing Board	Fund 2190
		Rural Development Commission	Fund 2074
		State Treasurer	Fund 7759
	Airport Development	Department of Aeronautics	Fund 2171
		Game and Parks Commission	Funds 2328, 2329, 2332, 2333, 2334, 2335, 2336, 2337, 2338, 2339, 2341, 2342, 2343
	Game and Parks	Economic Development	Fund 2725
		Governor's Office	Funds 2812, 2813, 6811
	Energy Conservation	Department of Administrative Services	Fund 2654
		Legislative Council	Funds 4030, 4031, 4032
	Federal	Governor's Office	Fund 4811
		Supreme Court	Funds 4050, 4051, 4052
		Attorney General	Fund 4111
		Department of Education	Funds 4134, 4148
		Board of Pardons	Fund 4151
		Department of Revenue	Fund 4161
		Department of Agriculture	Funds 4182, 4183, 4184, 4185, 4186, 4190, 4192, 4193, 4195, 4197
		Health and Human Services System	Funds 4202, 4205, 4207, 4260, 4261, 4264, 4268, 4810, 4812
		Fire Marshal	Fund 4121
		Department of Labor	Funds 4231, 4232, 4233, 4235, 4236
		Department of Motor Vehicles	Funds 4242, 4792
		Department of Roads	Funds 4272, 4273
		Department of Natural Resources	Funds 4291, 4552
		Military Department	Funds 4311, 4312, 4313, 4326
		Game and Parks Commission	Funds 4332, 4333, 4334
		Workers' Compensation Court	Fund 4371
		Commission on the Status of Women	Fund 4381
		Department of Correctional Services	Funds 4252, 4813
		Postsecondary Education	Fund 4481
		Historical Society	Funds 4541, 4542
		Oil & Gas Conservation Commission	Fund 4571
		Ethanol Board	Fund 4601
		State Patrol	Fund 4641
		Department of Administrative Services	Funds 4000, 4653
		Equal Opportunity Commission	Funds 4671, 4673, 4674
		Arts Council	Fund 4691
		Department of Economic Development	Funds 4721, 4722, 4723, 4724, 4728, 4729, 4730
		Commission on Law Enforcement and Criminal Justice	Funds 4781, 4782
		Department of Environmental Quality	Funds 4840, 4841, 4842, 4843, 4844, 4845
		Commission on Deaf and Hard of Hearing	Fund 4820
		Commission on Public Advocacy	Funds 4941, 4942
		Rural Development Commission	Fund 4081

State of Nebraska
**SCHEDULE OF BUDGETARY FUND
 CONVERSION TABLE (Continued)**
 For the Year Ended June 30, 2001

FINANCIAL STATEMENT FUND TYPE	FINANCIAL STATEMENT FUND TITLE	AGENCY	FUND NUMBERS
Special Revenue (Cont'd.)	Health and Social Services	Health and Human Services System	Funds 2175, 2201, 2202, 2206, 2208, 2252, 2253, 2254, 2255, 2256, 2260, 2261, 2262, 2264, 2265, 2266, 6262, 6263, 6264, 6812, 6840, 6841, 7261, 7262, 7263
	Other Special Revenue	Foster Care Review Board	Fund 2701
		Commission for the Deaf and Hard of Hearing	Fund 2821
		Legislative Council	Funds 2030, 2033, 2034
		Governor's Office	Funds 2040, 2041, 5040, 6041
		Supreme Court	Funds 2051, 2052, 2054, 2055, 2056, 2057
		Secretary of State	Funds 2094, 2095, 2611
		Auditor of Public Accounts	Fund 2101
		Attorney General	Funds 2111, 2112, 5111
		State Treasurer	Funds 2126, 2127, 2128, 2129, 6692, 7999
		Department of Education	Funds 2130, 2132, 2133, 2135, 2136, 2137, 2147, 2149, 5132
		Department of Revenue	Funds 2157, 2158, 2161, 2163, 2164 2165, 2168, 2177, 5162, 6163
		Department of Agriculture	Funds 2078, 2179, 2195, 5181
		Fire Marshal	Funds 2122, 2123, 2125
		Department of Labor	Fund 2232
		Department of Motor Vehicles	Funds 2134, 2245
		Department of Veterans' Affairs	Funds 2281, 2282
		Department of Natural Resources	Funds 2551, 2552, 2553, 2554, 2555, 2660 2687
		Military Department	Funds 2311, 2312
		Board of Educational Lands and Funds	Funds 2321, 2323
		Library Commission	Funds 2340, 4345, 6834
		Liquor Control Commission	Fund 2350
		Workers' Compensation Court	Fund 2373
		Commission on the Status of Women	Fund 2381
		Department of Correctional Services	Funds 2469, 5461
		Educational Telecommunications Commission	Funds 2471, 2472, 6472
		Coordinating Commission for Postsecondary Education	Funds 2481, 6481
		Historical Society	Funds 2541, 2561, 6181, 6542, 6543, 6544
		State Patrol	Funds 2641, 2643, 2644, 2645, 2646
		Department of Administrative Services	Funds 2656, 2658, 2666, 2801, 5165, 5664, 5802, 5803, 5804, 6651
		Commission on Mexican-Americans	Fund 2681
		Arts Council	Funds 2690, 2692, 6691
		Commission on Indian Affairs	Fund 2722
		Commission on Law Enforcement and Criminal Justice	Funds 2780, 2781, 2782, 2783
		Commission for Technical Community Colleges	Fund 2831
		Department of Environmental Quality	Funds 2834, 2836, 2837, 2839, 2840, 2846, 2848, 2863, 6845, 6846, 6847, 6848

State of Nebraska
**SCHEDULE OF BUDGETARY FUND
 CONVERSION TABLE (Continued)**
 For the Year Ended June 30, 2001

FINANCIAL STATEMENT FUND TYPE	FINANCIAL STATEMENT FUND TITLE	AGENCY	FUND NUMBERS
Special Revenue (Cont'd.)	Other Special Revenue (Cont'd.)	Accountability and Disclosure Commission	Funds 2871, 2872
		Tax Equalization and Review Commission	Fund 2931
		Commission on Public Advocacy	Funds 2941, 2942
		Department of Property Assessment and Taxation	Fund 2155
Capital Projects	Capital Projects	State Treasurer	Funds 3300, 3800
		Health and Human Services System	Funds 2251, 4251
		Department of Correctional Services	Fund 3246
		Educational Telecommunications Commission	Fund 4471
		Department of Administrative Services	Funds 2652, 2667, 2668, 2669, 3202
		Commission on Law Enforcement and Criminal Justice	Fund 3278
		Enterprise	Lottery
Internal Service	Excess Liability	State Treasurer	Fund 6222
	Correctional Services	Department of Correctional Services	Fund 5251
	Buildings and Grounds	Department of Administrative Services	Funds 2650, 2657, 5650, 5655, 6652
	General Services	Department of Administrative Services	Funds 5651, 5654, 5658
	Communications	Department of Administrative Services	Funds 2653, 5653
	Information Management	Department of Administrative Services	Funds 2665, 5652, 5656
	Transportation Services	Department of Administrative Services	Fund 5657
	Risk Management	Department of Administrative Services	Funds 2891, 2892, 2893, 5891, 5892, 6892, 6893
	Accounting Services	Department of Administrative Services	Fund 5665
	Other Internal Service	Secretary of State	Funds 2093, 5090
		Department of Correctional Services	Fund 5270
		Department of Administrative Services	Fund 5801
		Investment Council	Fund 2751
Expendable Trust		Amos Trust	State Treasurer
	Unemployment Compensation	Department of Labor	Funds 6231, 6232, 7231
	Deferred Compensation	Public Employees Retirement Board	Funds 2854, 7653
	Ag & Univ Land Lease	Board of Educational Lands and Funds	Fund 6332
	Second Injury	Workers' Compensation Court	Fund 6371
	Vocational Rehabilitation	Workers' Compensation Court	Funds 6372, 6373
	Canteen & Welfare	Health and Human Services System	Funds 6803, 6805, 6810, 6820, 6822, 6823, 6825, 6830
		Department of Correctional Services	Funds 6251, 6252
	Escheat Trust	State Treasurer	Funds 2120, 6128
	PSC Trust Account	Public Service Commission	Fund 6142
	Miscellaneous Trust	Department of Education	Fund 6131
		Health and Human Services System	Fund 6826
		Department of Correctional Services	Funds 6253, 6461, 6464, 6465
		Educational Telecommunications Commission	Fund 6471
		State Historical Society	Fund 6541

State of Nebraska
**SCHEDULE OF BUDGETARY FUND
 CONVERSION TABLE (Continued)**
 For the Year Ended June 30, 2001

FINANCIAL STATEMENT FUND TYPE	FINANCIAL STATEMENT FUND TITLE	AGENCY	FUND NUMBERS
Nonexpendable Trust	Miscellaneous	State Treasurer	Funds 6122, 6126
	Aeronautics Trust	Department of Aeronautics	Fund 6170
	Normal School Endowment	Board of Educational Lands and Funds	Fund 6328
	Veterans Aid	Board of Educational Lands and Funds	Fund 6333
		Department of Veterans' Affairs	Fund 6320
	Permanent School	Department of Education	Fund 6136
		Board of Educational Lands and Funds	Funds 2322, 6334
	Permanent University	Board of Educational Lands and Funds	Fund 6335
	Agriculture Endowment	Board of Educational Lands and Funds	Fund 6513
	J.J. Soukup	Office of Risk Management	Fund 6891
Pension Trust	Insurance Investment Income	State Treasurer	Fund 6123
	State Employees Retirement	Public Employees Retirement Board	Funds 2855, 2857, 6853
	County Employees Retirement	Public Employees Retirement Board	Funds 2856, 6854
	School Retirement	Public Employees Retirement Board	Funds 2851, 6325, 6330, 6336, 6337, 6850, 6851, 6858, 6859
	Judges Retirement	Public Employees Retirement Board	Funds 2853, 6323, 6857
Agency	State Patrol Retirement	Public Employees Retirement Board	Funds 2852, 6327, 6856
	Local Government	State Treasurer	Funds 6125, 7121, 7122, 7163, 7752, 7764
		Department of Education	Funds 7131, 7132, 7133
		Department of Insurance	Fund 6224
	Ohio College Library	Library Commission	Fund 7341
	Short-Term Investment Pool	Investment Council	Fund 7750
	CHIP	Department of Insurance	Fund 7221
	Payroll Withholding	Department of Administrative Services	Funds 6801, 7655, 7801
	Severance Tax	State Treasurer	Fund 7761
	Court Ordered Settlement	Attorney General	Fund 6111
		Department of Banking and Finance	Fund 6191
		Department of Motor Vehicles	Fund 6241
		Health and Human Services System	Funds 7263, 7264, 7265
	Higher Education	State Colleges	Funds 2501, 2503, 2504, 2505, 2506, 2507, 2508, 4504, 4900, 4920, 4930, 5501, 5503, 5504, 5505, 6496, 6497, 6501, 6503, 6504, 6505, 6506, 6507 6509
		University of Nebraska	Funds 2502, 2511, 2512, 2514, 2515, 2520, 2521, 2522, 2523, 2525, 3250, 3251, 4512, 4513, 4514, 4515, 4517, 4518, 4910, 5502, 5511, 5514, 5515, 5519, 6502, 6512, 6514, 6515, 6519, 6520, 6521, 6551, 6552, 6553, 6656
Public Benefit Corporation	University of Nebraska	University of Nebraska	Funds 6508, 6522
	Facilities Corporation		
	Nebraska State Colleges Facilities Corporation	State Colleges	Funds 6493, 6495

State of Nebraska

REVENUE BOND COVERAGE COLLEGES AND UNIVERSITIES

1992 – 2001

(Dollars in Thousands)

FISCAL YEAR	DEDICATED REVENUES	RELATED EXPENSES	NET REVENUES AVAILABLE FOR DEBT SERVICE	DEBT SERVICE REQUIREMENT	COVERAGE RATIO
1992	\$ 38,633	\$ 29,922	\$ 8,711	\$ 5,572	1.56
1993	40,167	31,082	9,085	5,747	1.58
1994	45,730	36,743	8,987	5,694	1.58
1995	49,059	38,680	10,379	5,825	1.78
1996	52,928	43,464	9,464	6,084	1.56
1997	54,029	44,652	9,377	7,175	1.31
1998	56,878	46,176	10,702	7,736	1.38
1999	48,965	38,267	10,698	8,072	1.33
2000	52,176	40,774	11,402	7,454	1.53
2001	54,108	43,168	10,940	7,876	1.39

SOURCE: University of Nebraska and State Colleges.

State of Nebraska

COMPARATIVE POPULATION GROWTH NEBRASKA AND UNITED STATES

1940 – 2000 (As of July 1)

YEAR	NEBRASKA	PERCENT CHANGE	UNITED STATES	PERCENT CHANGE
1940	1,315,834		132,122,446	
1950	1,325,510	0.74 %	152,271,417	15.25 %
1960	1,411,921	6.52	180,671,158	18.65
1970	1,485,333	5.20	205,052,174	13.49
1971	1,508,000	1.53	207,661,000	1.27
1972	1,528,000	1.33	209,896,000	1.08
1973	1,533,000	0.33	211,909,000	0.96
1974	1,537,000	0.26	213,854,000	0.92
1975	1,544,000	0.46	215,973,000	0.99
1976	1,552,000	0.52	218,035,000	0.95
1977	1,555,000	0.19	220,239,000	1.01
1978	1,565,000	0.64	222,585,000	1.07
1979	1,574,000	0.58	225,055,000	1.11
1980	1,569,825	(0.27)	227,224,681	0.96
1981	1,577,000	0.46	229,466,000	0.99
1982	1,586,000	0.57	231,664,000	0.96
1983	1,597,000	0.69	233,792,000	0.92
1984	1,605,000	0.50	235,825,000	0.87
1985	1,606,000	0.06	237,924,000	0.89
1986	1,598,000	(0.50)	240,133,000	0.93
1987	1,594,000	(0.25)	242,289,000	0.90
1988	1,602,000	0.50	244,499,000	0.91
1989	1,611,000	0.56	246,819,000	0.95
1990	1,578,417	(2.02)	249,439,545	1.06
1991	1,591,000	0.80	252,124,000	1.08
1992	1,603,000	0.75	255,002,000	1.14
1993	1,613,000	0.62	257,753,000	1.08
1994	1,623,000	0.62	260,292,000	0.99
1995	1,636,000	0.80	262,761,000	0.95
1996	1,649,000	0.79	265,179,000	0.92
1997	1,657,000	0.49	267,636,000	0.93
1998	1,661,000	0.24	270,248,000	0.98
1999	1,666,000	0.30	272,691,000	0.90
2000	1,711,263	2.72	281,421,906	3.20
1940-2000		30.05 %		113.00 %

SOURCE: U.S. Census Bureau

State of Nebraska

COMPARATIVE UNEMPLOYMENT NEBRASKA AND UNITED STATES

1950 – 2000

YEAR	NEBRASKA			NEBRASKA UNEMPLOYMENT AS PERCENT OF LABOR FORCE	UNITED STATES UNEMPLOYMENT AS PERCENT OF LABOR FORCE
	TOTAL LABOR FORCE	TOTAL EMPLOYMENT	UNEMPLOYMENT		
1950	608,500	590,600	17,900	2.9%	5.2%
1960	630,200	613,000	17,200	2.7	5.5
1970(a)	631,700	612,300	19,400	3.1	4.9
1971	644,000	620,500	23,500	3.6	5.9
1972	666,300	643,800	22,500	3.4	5.6
1973	688,900	666,200	22,700	3.3	4.9
1974	719,500	688,600	30,900	4.3	5.6
1975	706,000	663,200	42,800	6.1	8.5
1976	717,100	680,900	36,200	5.0	7.7
1977(b)	750,000	722,000	28,000	3.7	7.1
1978	772,000	749,000	23,000	3.0	6.1
1979	771,000	747,000	24,000	3.1	5.8
1980	763,000	732,000	31,000	4.1	7.1
1981	777,000	745,000	32,000	4.1	7.6
1982	789,000	741,000	48,000	6.1	9.7
1983	791,000	746,000	45,000	5.7	9.6
1984	796,000	761,000	35,000	4.4	7.5
1985	806,000	762,000	44,000	5.5	7.2
1986	813,000	772,000	41,000	5.0	7.0
1987	812,000	772,000	40,000	4.9	6.2
1988	818,000	789,000	29,000	3.5	5.5
1989	812,000	787,000	25,000	3.1	5.3
1990	814,489	796,352	18,137	2.2	5.5
1991	835,206	812,074	23,132	2.8	6.7
1992	838,477	813,076	25,401	3.0	7.4
1993	858,400	835,581	22,819	2.7	6.8
1994	880,246	854,975	25,271	2.9	6.1
1995	898,113	874,357	23,756	2.6	5.6
1996	909,932	883,284	26,648	2.9	5.7
1997	906,256	882,615	23,641	2.6	5.3
1998(c)	916,440	891,709	24,731	2.7	4.5
1999	911,831	885,755	26,076	2.9	4.2
2000	924,298	896,761	27,537	3.0	4.0

(a) Data for 1970 and later are based on a Labor Force concept rather than the Work Force used previously, and are not strictly comparable with data for previous years.

(b) Data for 1977 and later are not comparable to prior years because of changes in the method of estimating the labor force.

(c) Numbers for 1998 to 2000 revised to March 2001 benchmark.

SOURCE: Nebraska Statistics – 1950-1983 Nebraska Statistical Handbook, Nebraska Department of Economic Development;
1984-2000 Nebraska Department of Labor, Labor Market Information

United States Unemployment – U.S. Census Bureau

State of Nebraska

TOTAL PERSONAL AND PER CAPITA INCOME NEBRASKA, UNITED STATES AND THE PLAINS

1991 - 2000

YEAR	NEBRASKA		UNITED STATES		PLAINS (a)	
	PERSONAL INCOME (IN MILLIONS)	PER CAPITA INCOME	PERSONAL INCOME (IN MILLIONS)	PER CAPITA INCOME	PERSONAL INCOME (IN MILLIONS)	PER CAPITA INCOME
1991	\$ 28,729	\$ 18,766	\$ 4,963,545	\$ 20,089	\$ 327,448	\$ 18,842
1992	30,812	19,688	5,260,922	21,082	349,261	19,928
1993	31,785	20,167	5,469,485	21,718	358,347	20,389
1994	33,029	21,168	5,741,050	22,581	380,442	21,558
1995	36,293	22,196	6,192,235	23,562	410,645	22,363
1996	39,618	24,045	6,538,103	24,651	439,948	23,802
1997	40,724	24,146	6,928,545	25,427	462,173	24,526
1998	43,340	25,558	7,418,754	26,909	493,711	26,010
1999	45,475	26,663	7,769,648	27,859	512,211	26,780
2000	47,423	27,658	8,312,312	29,451	543,976	28,219

(a) States included in the Plains are Iowa, Kansas, Minnesota, Missouri, Nebraska, North Dakota, and South Dakota.

SOURCE: U.S. Department of Commerce, Bureau of Economic Analysis.

State of Nebraska

TEN LARGEST PRIVATE EMPLOYERS

2000

NAME OF COMPANY	RANK
Iowa Beef Processors, Inc.	1
Union Pacific Corp.	2
ConAgra, Inc.	3
First Data Resources, Inc.	4
Alegent Health	5
Mutual of Omaha Ins. Co.	6
Nebraska Health Systems	7
Burlington Northern	8
Hy-vee Food Stores	9
First National Bank of Omaha	10

SOURCE: Nebraska Department of Economic Development, Research Division

State of Nebraska

TRANSPORTATION RELATED STATISTICS

1991 - 2000

	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
STATE HIGHWAY MILEAGE BY										
SURFACE TYPE (a)										
RURAL										
Gravel	79	74	74	74	51	44	44	44	44	44
Asphalt, Bitumen	7,801	7,786	7,794	7,794	7,834	7,849	7,819	7,841	7,901	7,911
Concrete, Brick	1,485	1,484	1,453	1,449	1,445	1,455	1,487	1,453	1,391	1,375
TOTAL RURAL	9,365	9,344	9,321	9,317	9,330	9,348	9,350	9,338	9,336	9,330
MUNICIPAL										
Asphalt, Bitumen	325	331	342	347	353	351	344	350	351	350
Concrete, Brick	261	274	281	279	277	270	276	279	282	287
TOTAL MUNICIPAL	586	605	623	626	630	621	620	629	633	637
TOTAL RURAL AND MUNICIPAL	9,951	9,949	9,944	9,943	9,960	9,969	9,970	9,967	9,969	9,967

MOTOR VEHICLE REGISTRATIONS (b)

Automobiles	838,803	895,461	940,667	955,138	965,100	977,252	981,372	1,011,801	1,038,583	1,043,491
Trucks										
Farm	128,969	140,095	149,403	148,664	148,181	148,051	149,471	148,433	149,034	148,421
Other	247,831	269,195	288,608	272,685	279,781	312,213	324,010	337,946	355,438	364,198
Motorcycles	20,264	19,582	18,882	19,084	18,696	18,094	18,441	19,344	20,612	22,758
All Other	266,178	296,302	301,757	264,965	281,287	330,929	341,058	349,547	369,682	381,986
TOTAL	1,502,045	1,620,635	1,699,317	1,660,536	1,693,045	1,786,539	1,814,352	1,867,071	1,933,349	1,960,854

SOURCE: (a) Nebraska Department of Roads.

(b) Nebraska Department of Motor Vehicles.

State of Nebraska

NEBRASKA CASH RECEIPTS FROM FARM MARKETING AND GOVERNMENT PAYMENTS

1991 – 2000

(Dollars in Millions)

YEAR	CASH RECEIPTS FROM FARM MARKETINGS			GOVERNMENT PAYMENTS	TOTAL
	CROPS	LIVESTOCK AND LIVESTOCK PRODUCTS	TOTAL CROPS AND LIVESTOCK		
1991	\$ 3,064.9	\$ 5,933.3	\$ 8,998.2	\$ 490.7	\$ 9,488.9
1992	3,009.6	5,675.7	8,685.3	478.7	9,164.0
1993	3,018.3	5,853.0	8,871.3	806.3	9,677.6
1994	3,110.2	5,398.9	8,509.1	348.2	8,857.3
1995	3,837.0	5,146.1	8,983.1	507.3	9,490.4
1996	3,922.7	5,318.7	9,241.4	388.8	9,630.2
1997	4,297.8	5,507.2	9,805.0	454.6	10,259.6
1998	3,896.7	5,124.4	9,021.1	814.7	9,835.8
1999	2,995.6	5,426.3	8,421.9	1,411.9	9,833.8
2000	3,029.2	5,922.7	8,951.9	1,407.0	10,358.9

SOURCE: Economic Research Service, U.S. Department of Agriculture.

State of Nebraska

NEBRASKA HOUSING UNITS AUTHORIZED FOR CONSTRUCTION

1991 – 2000

YEAR	HOUSING UNITS AUTHORIZED	PERCENT CHANGE
1991	6,235	(7.63)%
1992	6,745	8.18
1993	7,751	14.91
1994	7,877	1.63
1995	8,164	3.64
1996	10,091	23.60
1997	9,880	(2.09)
1998	9,560	(3.24)
1999	8,696	(9.04)
2000	9,105	4.70

SOURCE: U.S. Dept. of Commerce, Bureau of the Census, Current Construction Reports, Housing Units Authorized by Building Permits

State of Nebraska

MOTOR FUELS NET TAXABLE GALLONS

1991 – 2000

YEAR	IMPORTING DEALERS	DIESEL FUELS	GASOHOL	TOTAL	PERCENT CHANGE
1991	401,151,347	184,069,676	338,655,895	923,876,918	(3.38)%
1992	396,493,898	207,628,838	360,390,088	964,512,824	4.40
1993	502,952,626	222,520,682	278,733,437	1,004,206,745	4.12
1994	525,261,561	228,490,205	230,802,731	984,554,497	(1.96)
1995	587,503,297	248,461,579	238,027,521	1,073,992,397	9.08
1996	636,785,443	255,896,982	183,903,344	1,076,585,769	0.24
1997	629,887,065	286,107,488	206,250,862	1,122,245,415	4.24
1998	661,061,910	316,724,293	189,956,805	1,167,743,008	4.05
1999	655,569,949	342,368,345	213,395,320	1,211,333,614	3.73
2000	575,163,734	343,393,346	299,174,495	1,217,731,575	0.53

SOURCE: Nebraska Department of Revenue Annual Report.

State of Nebraska

BANK DEMAND AND TIME DEPOSITS

1991 – 2000

(Dollars in Millions)

YEAR	DEMAND DEPOSITS	TIME DEPOSITS	TOTAL DEPOSITS	PERCENT CHANGE
1991	\$ 2,901	\$ 15,682	\$ 18,583	5.38 %
1992	3,175	16,440	19,615	5.55
1993	3,221	17,655	20,876	6.43
1994	3,246	17,413	20,659	(1.04)
1995	3,506	19,051	22,557	9.19
1996	3,713	19,546	23,259	3.11
1997	3,293	18,313	21,606	(7.11)
1998	3,440	19,601	23,041	6.64
1999	3,297	19,705	23,002	(0.17)
2000	3,609	20,071	23,680	2.95

NOTE: This data represents balances at December 31.

SOURCE: Federal Deposit Insurance Corporation.

State of Nebraska

PUBLIC AND STATE OPERATED ENROLLMENT PREKINDERGARTEN – GRADE 12

1991/92 – 2000/01

ACADEMIC YEAR	PRE KDG. AND KDG.	GRADES 1 – 3	GRADES 4 – 6	GRADES 7 – 9	GRADES 10 – 12	TOTAL ALL GRADES
1991 – 1992	24,702	66,877	67,366	63,261	56,766	278,972
1992 – 1993	24,667	66,313	67,139	65,603	58,157	281,879
1993 – 1994	24,600	65,258	67,374	68,270	58,957	284,459
1994 – 1995	25,304	64,171	67,092	69,186	60,680	286,433
1995 – 1996	25,779	64,010	66,957	68,796	62,842	288,384
1996 – 1997	25,599	64,800	66,058	69,937	65,023	291,417
1997 – 1998	25,543	65,014	64,721	70,452	66,389	292,119
1998 – 1999	25,740	64,664	64,256	69,991	66,485	291,136
1999 – 2000	25,219	63,118	64,409	69,099	66,386	288,231
2000 – 2001	25,216	60,896	64,942	67,392	66,576	285,022

SOURCE: Statistics and Facts About Nebraska Schools, Nebraska Department of Education.

State of Nebraska

PUBLIC HIGHER EDUCATION INSTITUTIONS TOTAL FALL HEADCOUNT ENROLLMENT

1991 – 2000

	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
COLLEGES AND UNIVERSITIES:										
Chadron State College	3,413	3,190	3,021	3,189	3,063	2,905	2,931	2,809	2,768	2,686
Peru State College	1,558	1,527	1,601	1,665	1,754	1,774	1,807	1,695	1,664	1,698
Wayne State College	3,925	3,761	3,765	3,886	3,868	3,828	3,839	3,835	3,601	3,518
University of Nebraska										
Lincoln (1)	24,803	24,752	24,695	24,089	24,578	24,189	23,104	22,669	22,394	22,502
Omaha	15,986	16,227	15,899	15,051	14,691	14,474	13,710	13,274	13,264	13,479
Kearney	8,573	8,374	8,045	7,584	7,620	7,680	7,133	6,849	6,780	6,506
Medical Center	2,631	2,759	2,703	2,778	2,770	2,718	2,618	2,599	2,590	2,696
TOTAL COLLEGES AND UNIVERSITIES	<u>60,889</u>	<u>60,590</u>	<u>59,729</u>	<u>58,242</u>	<u>58,344</u>	<u>57,568</u>	<u>55,142</u>	<u>53,730</u>	<u>53,061</u>	<u>53,085</u>
COMMUNITY COLLEGES										
Central CC (2)	4,463	4,885	4,686	5,011	5,839	6,476	6,743	7,474	7,095	7,126
Metropolitan CC	9,573	10,301	10,978	10,686	10,666	10,759	11,213	11,583	11,658	11,534
Mid-Plains CC	2,880	3,055	3,337	2,934	2,528	2,925	2,694	2,487	2,518	2,607
Northeast CC	3,172	3,257	3,408	3,612	3,413	4,235	4,440	4,754	4,671	4,520
Southeast CC	5,839	6,002	5,777	6,647	6,240	7,041	6,951	7,122	7,351	7,396
Western CC	2,182	2,248	2,591	2,308	2,291	1,960	2,008	1,704	1,836	2,264
TOTAL COMMUNITY COLLEGES	<u>28,109</u>	<u>29,748</u>	<u>30,777</u>	<u>31,198</u>	<u>30,977</u>	<u>33,396</u>	<u>34,049</u>	<u>35,124</u>	<u>35,129</u>	<u>35,447</u>
TOTAL ALL INSTITUTIONS	<u>88,998</u>	<u>90,338</u>	<u>90,506</u>	<u>89,440</u>	<u>89,321</u>	<u>90,964</u>	<u>89,191</u>	<u>88,854</u>	<u>88,190</u>	<u>88,532</u>

NOTE: (1) University of Nebraska-Lincoln count includes NCTA-Curtis for all years.

(2) Central CC reporting under continuous enrollment practice abandoned in 1996. Enrollment numbers have been retroactively changed to the reporting practice consistent with that of the other Community Colleges.

SOURCE: Nebraska Coordinating Commission for Postsecondary Education

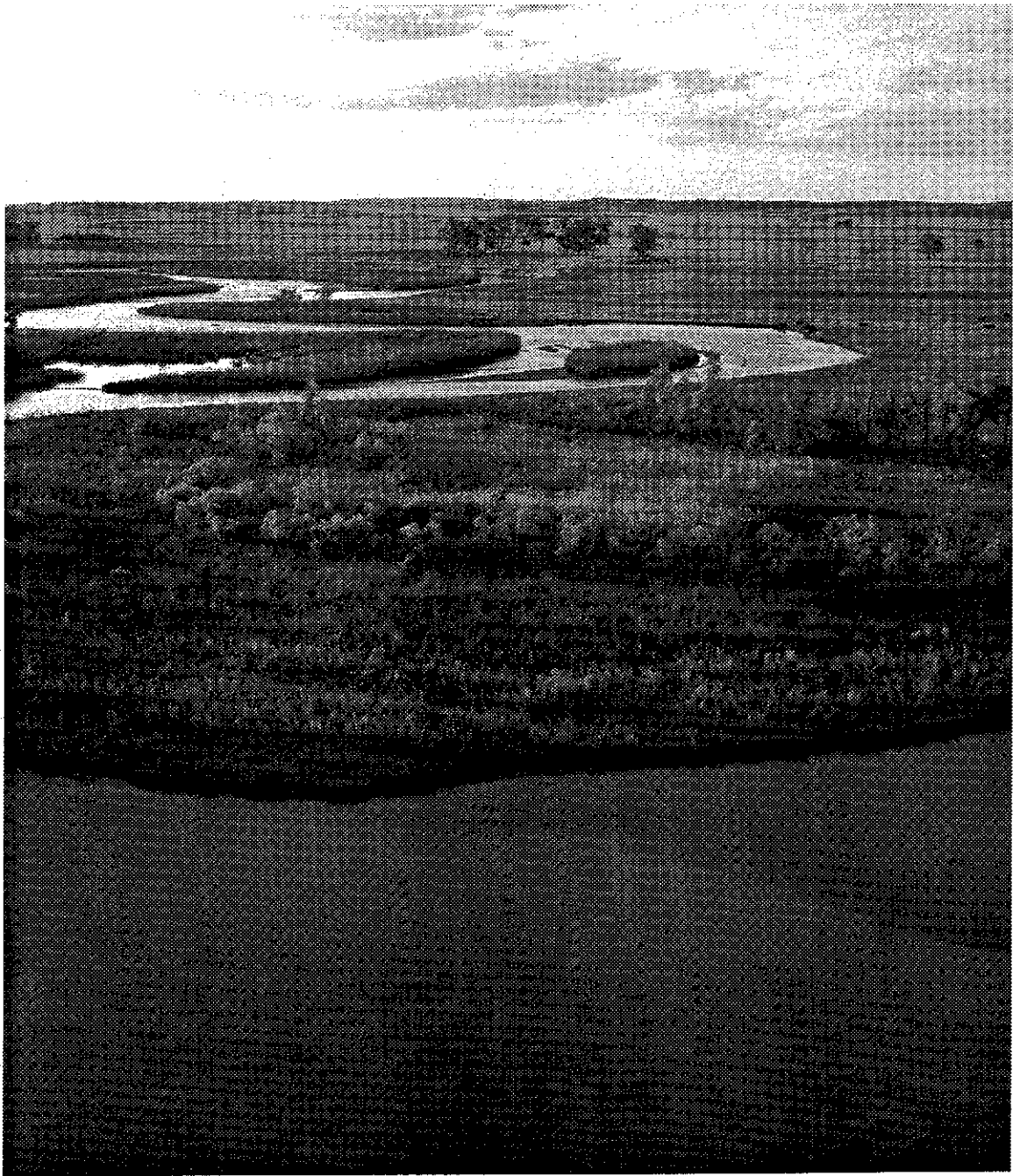
State of Nebraska

MISCELLANEOUS STATISTICS

June 30, 2001

Date Entered Union	March 1, 1867 (37th State)
Form of Government	Legislative – Executive – Judicial
Land Area	77,358 square miles (16th largest in U.S.)
Elevation	840 to 5,424 feet above sea level
Capital	Lincoln
Largest City	Omaha
Origin of Name	From Oto Indian word "Nebrathka" meaning "flat water"
Nickname	Cornhusker State (from method of harvesting or "husking" corn by hand)
Recreation:	
Fish Hatcheries	9
State Parks	8
Historical Parks	10
Recreation and Wildlife Management Areas	320
State Police Protection:	
Number of Troops	6
Number of Patrolmen	423

SOURCE: Nebraska Blue Book, 2000-2001.



North Loup River below Brewster

Acknowledgments

The State Accounting Division of the Department of Administrative Services (DAS) prepared the Comprehensive Annual Financial Report. The following State Accounting Division staff were key members in the preparation of the report:

Bruce Snyder, CPA, CGFM
Ramona Hartley
Lynda Roesler
Bob Halada

Special acknowledgment goes to:

All fiscal and accounting staff throughout the State whose cooperation and efforts contributed to the compilation of the financial information.

DAS Materiel Division staff who contributed to the report's production and assembly.

Nebraska Game and Parks Commission staff for granting permission to utilize photographs from NEBRASKAland Magazine.

